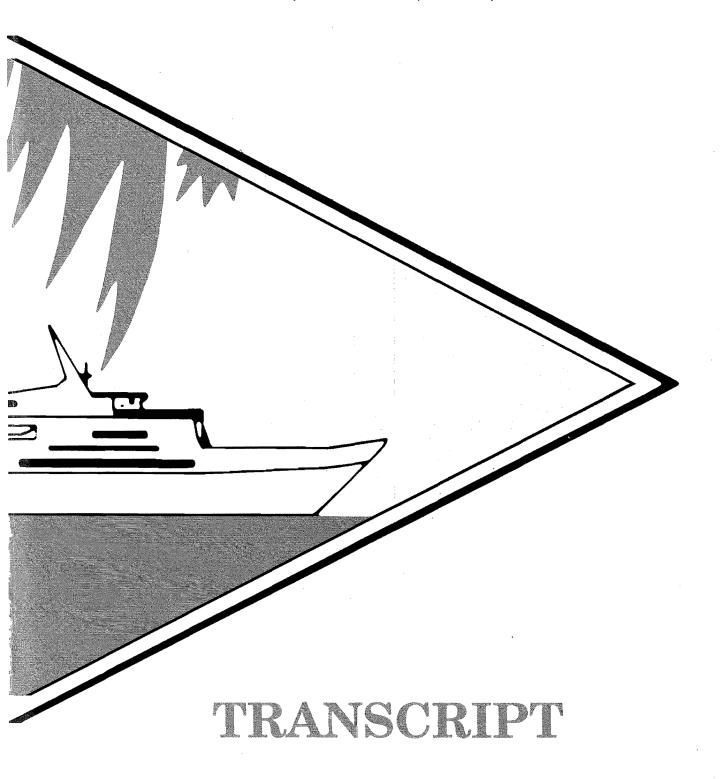
Seatrade -

## CRUISE SHIPPING 90

CONFERENCE & EXHIBITION

Fontainebleau Hilton Hotel, Miami Beach, Florida, USA. 20-24 March 1990



The Annual Congress for the International Cruise Shipping Industry
Organized by The Seatrade Group

Price to non-conference participants US\$100.00 inclusive of postage & packing

Published by Seatrade North America Inc., 125 Village Boulevard - Suite 303, Princeton Forrestal Village, Princeton, New Jersey 08540, USA.

Tel: (609) 452 9414 Fax: (609) 452 9374 Tlx: 233629 SEA UR

Printed in the UK

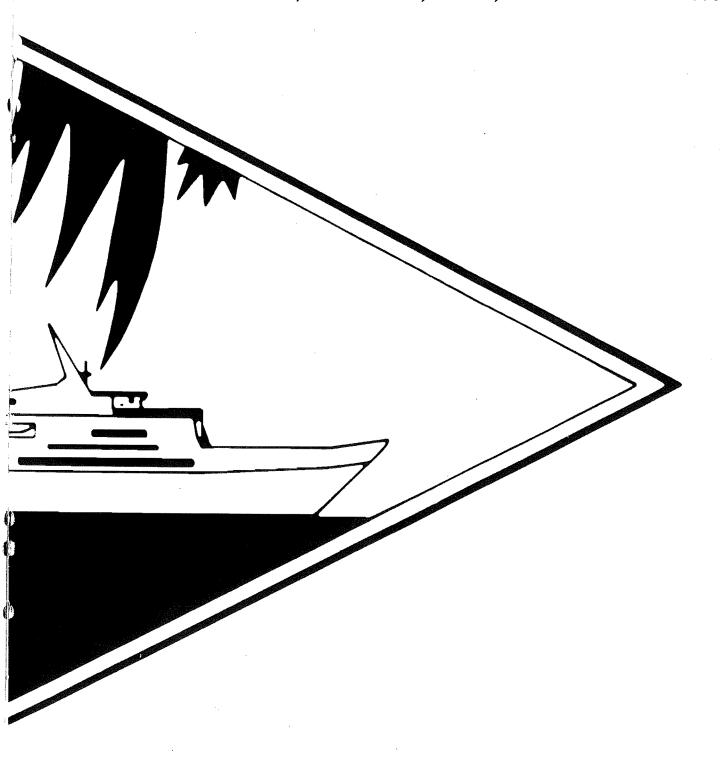
© Seatrade North America Inc.

Seatrade -

# CRUISE SHIPPING 90

**CONFERENCE & EXHIBITION -**

Fontainebleau Hilton Hotel, Miami Beach, Florida, USA. 20-24 March 1990



CONFERENCE PROGRAM

TUESDAY MARCH 20	WEDNESDAY MARCH 21
(b)(4) copyright	

#### **THURSDAY MARCH 22**

#### **THURSDAY MARCH 22**

(b)(4) copyright

THURSDAY MARCH 22	FRIDAY MARCH 23
(b)(4) copyright	

(b)(4) copyright	
	1

### **CONTENTS**

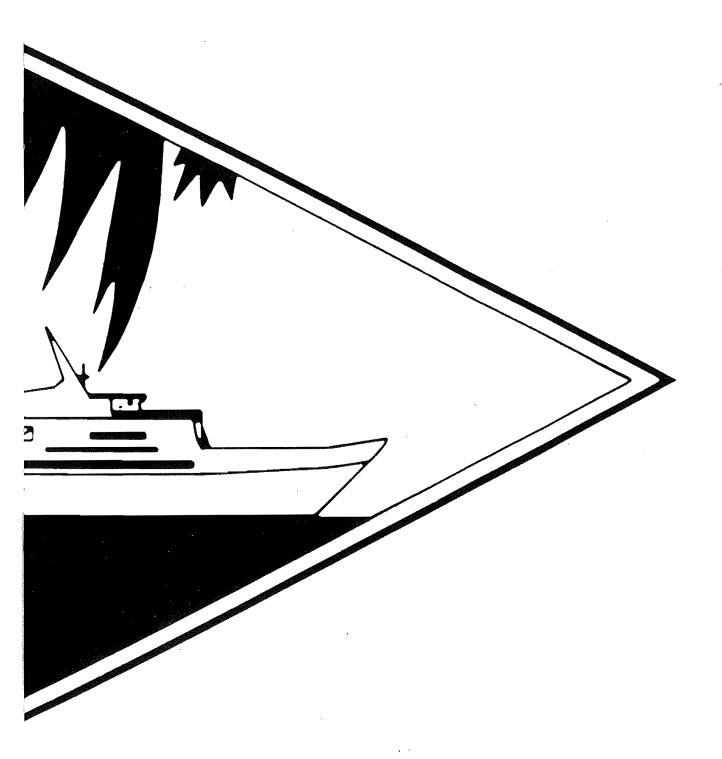
(b)(4) copyright	

Seatrade -

# CRUISE SHIPPING 90

CONFERENCE & EXHIBITION —

Fontainebleau Hilton Hotel, Miami Beach, Florida, USA. 20-24 March 1990



CONFERENCE TRANSCRIPT

















































































































































































































































## **HEAD OFFICE:**

The Seatrade Organisation, Fairfax House, Causton Road, Colchester CO1 1RJ, UK. Tel:(0206) 45121

Telex: 98517 DISOP G FAX: (0206) 45190

## **NORTH AMERICA:**

The Seatrade Organisation, 125 Village Boulevard - Suite 303 Princeton Forrestal Village Princeton, New Jersey 08540, USA

Tel: (609) 452-9414 Telex: 233629 SEA UR FAX: (609) 452-9374

#### HONG KONG:

The Seatrade Organisation, 4405 China Resources Building, 26 Harbour Road, Hong Kong.

Tel: 573 6211

Telex: 68444 HKTF HX

FAX: 891 3831

# **GREECE:**

The Seatrade Organisation, St. Nicholas House, 4/6 Efplias Street, Piraeus, Greece.

Tel: (1) 4125005/6 Telex: 212310 NAFT GR

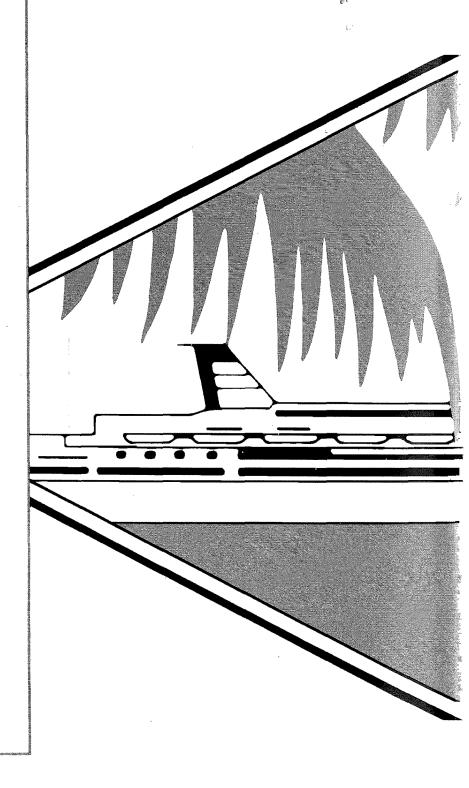
FAX: (1) 4528976

### **BRASIL:**

The Seatrade Organisation, Rua Alzira Brandão, 241 20.520 - Tijuca - Rio de Janeiro Brazil

Tel: (021) 264.3344

Telex: 2130691 HCAP BR FAX: (021) 264.3222



October 23, 1989

Memo To: Art Engel

From: Bill Zavin

Subject: Weekly Update of Commercial Contracting Activities

The SNAME roster remains the same for the week of November 17.

Quintin Watt's trip was fruitful. I expect a trip report next week after he moves out of his home in Vancouver.

We had further evaluation visits with Mo Husain last week and I would like to discuss the project with you when you are in Portland.

You should have received the documents on the Steel Fabricating business. I would be glad to review it with you at your convenience.

Dick Camacho, George Riddle and I had an excellent visit to American Hawaiian which created some opportunities we need to review when you come to Portland.

We also completed transfer of the data and its operation for the Commercial Future Work Programs to the department secretary's computer. I therefore request the opportunity to purchase my computer and printer from SW Marine at its cost. I will leave it here at least until we get all the bugs out of the system. Please let me know if this is acceptable to you.

October 13, 1989

Memo To: Art Engel

From: Bill Zavin

Subject: Weekly Update of Commercial Contracting Activities

As a result of discussions with Bill Johnston and Bill Lundmark, Bill Lundmark's name should be added to the roster of each event, SNAME and Fish Expo, previously listed.

As previously mentioned, we will travel to Honolulu to solicit the Constitution Project from American Hawaiian. Dick Camacho tells me the great stumbling block has been removed, Prentis Davis has left American Hawaiian and is now apparently in the ship repair business in San Diego?!...

Ivan Chandler tells me that Chevron will give us a debriefing on the Long Term Jobs Proposal at our convenience.

Carl Hanson, Bob Hubbard and I met with Mike Anderson who is now our newest account representative in San Francisco.

Quintin's trip has created at least one inquiry to San Francisco so far. The Monday discussions continue to generate some good debate on where jobs should be bid and worked.

Alex Vinck and I met with Mo Husain on the Oil Spill Project. It shows promise for more evaluation which will continue on Monday. October 13, 1989

I was exposed to a new business opportunity I would like to describe to you at your convenience.

VESSEL:

OWNER:

M.V.HUAL TRADER

HOEGH (NORWAY)

NORTHWEST MARINE

BID SUMMARY. OF REVENUE AND EXPENSES

REV:

DATE:

18-Oct-89

DAYS: REG.	12												
DAYS: CAL.	16												
REPRESENTATIVE LUMPSUM	BASIC BID WITH UNITS		OPTIONAL WORK			POTENTIAL GROWTH			GRAND TOTAL			NOTES	
	EST.	RATE	\$	EST.	RATE	\$	EST.	RATE	\$	EST.	RATE	\$	
REVENUES:													
MANHOURS: S.T.	12,267	40.000	490,680	0	0.000	0	0	0.000	0	12,267	40.000	490,680	
O.T.	. 0	0.000	. 0	0	0.000	0	0	0.000	0	, O	ERR	, 0	
MATERIALS:	23,245	1.100	25,570	0	0.000	Û	0	0.000	0	23,245	1.100	25,570	
SUBCONTRACTORS:	101,520	1.100	111,672	0	0.000	0	Ü	0.000	Û	101,520	1.100	111,672	
BONDS:	. 0	0.000	0	0	0.000	0	Ó	0.000	Û	, o		, O	***************************************
OTHER:	Ü	0.000	0	0	0.000	0	0	0.000	Ú	0	ERR	0	
ADDED REV. TO BALANCE:	Ü	0.946	Ú	0	0.946	0	0	0.946	0	0	0.946	0	
P.O.P. OVERTIME	0	0.000	0	Û	0.000	0	Ō	0.000	0	0	ERR	0	
P.O.P. TARIFF:	81,755	1.100	89,931	0	0.000	0	Û	0.000	0	81,755	1,100	89,931	
P.O.P. USE FEE:	627,922		35,792	0	0.057	0	0	0.057	Ú	627,922	0.057	35,792	
TOTAL REVENUES: CALC			753,644			0			0			753,644	
TOTAL REVENUES: BID			752,515			0			0			752,515	
DIRECT EXPENSES:													
LABOR: REGULAR	12,267	13.650	167,445	0	13.650	0	0	13.650	0	12,267	13.650	167,445	
LABOR: PREMIUM	. 0	6.820	. 0	0	6.820	Û	Û	6.820	Û	. 0	6.820	0	
MATERIALS:			23,245			0			0			23,245	
SUBCONTRACTORS:			101,520			Û			0			101,520	
BONDS:			0			Ů			0			0	
OTHER:			0			0			Ó			0	
P.O.P. OVERTIME:			0			Ô			0			Û	
P.O.P. TARIFF:			81,755			0			0			81,755	
P.O.P. USE FEE:			35,792			0			0			35,792	
TOTAL EXPENSES:			409,756			0			0			409,756	
GROSS CONTRIBUTION:			342,759			0			0			342,759	
VARIABLE OVERHEAD:	12,267	9.380	115,064	0	9.380	Ó	0	9.380	ő	12,267	9.380	115,064	
NET CONTRIBUTION:			227,694		<b></b>	0			0			227,694	
RECOVERY BID RATE:			41.59			ERR			ERR			41.59	
			==========		=:	=========		=:	========		*==	71,07	

REMARKS:

MEN PER DAY .. 8 HR. SHIFTS 128 MEN PER DAY. 10 HR SHIFTS 102 OVERTIME HAS BEEN BID AS A SEPARATE ITEM, NAMELY, (4) DAYS @ \$16500 (WEEKEND ) THIS REPESENTS 1000 HRS.X \$15/HR = \$15000 X 1.057 = \$15855 + \$645 FOR POP OT

DRYDOCK: NO [ ] YES [X ] TOTAL DAYS ON DRYDOCK [8 ]

BONDING: NO [X ] YES [ ] BOND COSTS \$\_\_\_\_

TOWING : NO [X ] YES [ ] TOWING COSTS \$\_\_

LIGIDATED DAMAGES: TO BE DISCUSSED PRIOR TO AN AMARD

Evrpe - Asonto

12-15-89

Memo To: Art Engel

From: Bill Zavin

Subject: Commercial Contracting Activity Update

Jim Nakamura, David Evans and I completed the first round of budget work on the projected expense work for 1990. I have requested information of a historical and current type on our commercial type work as I have not received any of any type except the annual audited statement you gave me some months back. Additionally, Jim said he would investigate creating a report for you, him and me which would deal exclusively with our NON-Navy Contracting Activities.

The SNAME report as compiled by Quintin Watt is traveling by overnight to you on Monday.

We are developing SEATRADE (Cruise Ship Plans) through Bob Hubbard and Nick Calley's separate reservations and are working through the Port's fluid plans for their booth and cocktail party.

The sales meeting is under planning currently and I need to review timing with you and will call by phone to do this.

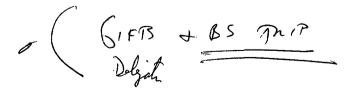
The Constitution project continues to go smoothly and is growing in scope each week.

Quintin Watt's immigration forms should be submitted before Christmas.

Bill Johnston, Ed Eckelhoff, George Riddle and I will go to Cleveland to meet with BP Oil to review their plans and concepts for shortening 3 VLCCs to allow them to enter previously restricted Ports.

Don Widness, our new fish specialist will start Jan, 2, 1990. We still seek two additional people, one For San Francisco, one for San Pedro. Don Widness, will replace Ivan Chandler in the company census of personnel assigned to this type of work.

I will call you on some of these subjects today for direction.





MAILING P.O. BOX 3109 ADDRESS: PORTLAND, OR 97208

1 OKTEAND, OK 3/200

5555 N. CHANNEL AVE., BLDG. 2 PORTLAND, OREGON 97217

PHONE: (503) 285-7557

TWX: 910-464-6107 NORMARINE PTL

DATE:

June 2, 1989

TO:

Bil Zavin

FROM:

Jim Caleman

SUBJECT:

Weekl X Production Status Report Week Ending 6/2/89

#### WATERFRONT

B.T. San Diego

(Don Sheridan)

Ship departs today at 1400 hours. Last minute new work prevented planned Wednesday departure. 30,000 hours expended vs budget of 36,000 hours as of 5/31/89.

Sansinena II - (Jon Sandstrom)

Additional rudder work in progress. Best estimate for sailing is Monday 6/5/89. 25,6000 hours expended vs 30,509 budget. Weekend work is mainly rudder and fair water installation.

Polynesia (Joe Vetere)

Ship and new bulbous bow departed Saturday 5/27/89. Nice job by all concerned.

Polar Sea (John Gilmore)

Topside blasting/painting in progress. Hull is next, still no firm dates on GFM propeller return. POP crane train track is not helping our efforts. Budget and labor at completion are closing budget 41,095 vs 44,106 (cost plus 1 %) Crafts still need to keep close watch.

#### New Arrivals

S/S "Aspen" (Lundmark)

This is a tough 36,000 hour budget job. Major steel renewals in tanks with serial sequencing of work in short time span makes this a close call. Ship arrives 1500 today. Tank cleaning, layout work and staging are items being worked this weekend.

#### New Arrivals Continued

Barge Hercules

On Dock Monday 6/5/89 for survey.

(Joe Vetere)

#### Other Issues

#### Payroll

Continued emphasis on making system work.

cc: B. Johnston

Craft Superintendents L. Mills Ship Superintendents

T. Sharp B. Lundmark D. Nugent G. Riddle D. Sheridan Project Managers



## NORTHWEST MARINE IRON WORKS

MAILING

P.O. BOX 3109

ADDRESS:

PORTLAND, OR 97208

5555 N. CHANNEL AVE., BLDG. 2 PORTLAND, OREGON 97217

PHONE:

(503) 285-7557

TWY:

910-464-6107 NORMARINE PTL

DATE:

June 2, 1989

TO:

的时间,我们就是这种情况,我们就是我们的时间,我们的时间,我们就是不是一个人,我们就是一个人的时间,我们就是一个人的时候,我们就是一个人的时候,我们就是一个人的

elle de saled en enventeranne detter verkommentel bet den niet niet verk in de solden. De solde en et sold

BiN Zavin

FROM:

Jim Caleman

SUBJECT:

Weeklx Production Status Report Week Ending 6/2/89

#### WATERFRONT

B.T.

San Diego (Don Sheridan) Ship departs today at 1400 hours. Last minute new work prevented planned Wednesday departure. 30,000 hours expended vs budget of

36,000 hours as of 5/31/89.

Sansinena II - (Jon Sandstrom)

Additional rudder work in progress. Best estimate for sailing is Monday 6/5/89. 25,6000 hours expended vs 30,509 budget. Weekend work is mainly rudder and fair

water installation.

Polynesia (Joe Vetere)

Ship and new bulbous bow departed Saturday

5/27/89. Nice job by all concerned.

Polar Sea

(John Gilmore)

Topside blasting/painting in progress. Hull

is next, still no firm dates on GFM

propeller return. POP crane train track is not helping our efforts. Budget and labor at completion are closing budget 41,095 vs 44,106 (cost plus 1 %) Crafts still need to

keep close watch.

## New Arrivals

S/S "Aspen" (Lundmark)

This is a tough 36,000 hour budget job. Major steel renewals in tanks with serial sequencing of work in short time span makes this a close call. Ship arrives 1500 today. Tank cleaning, layout work and staging are items being worked this weekend.

SI016421 NWMAR135571

## New Arrivals Continued

Barge Hercules

On Dock Monday 6/5/89 for survey.

(Joe Vetere)

### Other Issues

## Payroll

Continued emphasis on making system work.

B. Johnston

Craft Superintendents

L. Mills T. Sharp

Ship Superintendents

D. Nugent

B. Lundmark G. Riddle

Project Managers

D. Sheridan

## CURRENT JOB LIST 6/2/89

JOB #	NAME OF VESSEL - PM/SS	START/STOP DATE
3350	WEST COAST SHIPPING (OPEN ACC	OUNT)
	PROJECT MANAGER - IVAN CHANDLER SHIP SUPT - VARIED	
3498	COLUMBIA FALLS ALUMINUM	
	PROJECT MANAGER - RALPH MITCHELL SHIP SUPT - ED ECKELHOFF	
4116	SWM - SP CRAFT 05 SUPPORT	
	PROJECT MANAGER - DON NUGENT SHIP SUPT - LYNN MILLS	
4117	D.B. "SUPER SCOOP"	
	PROJECT MANAGER - GORDON NEWELL SHIP SUPT - JOE VETERE	
4118	S/S "B.T. ALASKA"	
4	PROJECT MANGER - CHANDLER SHIP SUPT - MILLS	START - 5/17/89 STOP - 5/19/89
4119	USS DIXON	
	PROJECT MANAGER - RALPH MITCHELL SHIP SUPT - DOUG TAYLOR	START - 5/17/89 STOP - 7/17/89
4121	SWM SP CRAFT 07 SUPPORT	
	PROJECT MANAGER - DON NUGENT SHIP SUPT - LYNN MILLS	START - 5/22/89 STOP - 7/30/89
4123	BARGE HERCULES	
•	PROJECT MANAGER - BRUCE MOYER SHIP SUPT - JOE VETERE	START - 5/30/89 STOP - 6/5/89
4124	M/V "NEO CAMPANULA"	
	PROJECT MANAGER - NICK CALLEY SHIP SUPT - JIM MCCLURE	START - 6/1/89 STOP - 6/2/89

JOB #	NAME OF VESSEL - PM/SS	START/STOP DATE
4125 <sup>-</sup>	M/V "APJ ANJAR"	
	PROJECT MANAGER - RALPH MITCHELL SHIP SUPT - BOB KUNKEL	
4700	S/S "B.T. SAN DIEGO"	
	PROJECT MANAGER - IVAN CHANDLER SHIP SUPT - DON SHERIDAN	
4701	S/S "SANSINENA II"	
	PROJECT MANAGER - HARDY SCROGGINS SHIP SUPT - JON SANDSTROM	
4702	S/S "COAST RANGE"	
	PROJECT MANAGER - CHANDLER SHIP SUPT -	START - 7/1/89 STOP - 8/1/89
4704	S/S "ASPEN"	
	PROJECT MANAGER - BILL LUNDMARK SHIP SUPT - DOUG TAYLOR	
4705	S/S "EXXON BATON ROUGE"	
	PROJECT MANAGER - IVAN CHANDLER SHIP SUPT - BOB KUNKEL	START - 6/1/89 STOP - 7/15/89
4900	M/V "NIEUW AMSTERDAM"	
	PROJECT MANAGER - NICK CALLEY SHIP SUPT - DAVID SHERIDAN	START - 1/30/89 STOP - 5/30/89
4901	M/V "NOORDAM"	
	PROJECT MANAGER - NICK CALLEY SHIP SUPT - DAVID SHERIDAN	START - 1/30/89 STOP - 9/30/89
4902	S/S "ROTTERDAM"	
	PROJECT MANAGER - NICK CALLEY SHIP SUPT - LYNN MILLS	START - 12/7/88 STOP - 10/6/89
4903	M/V "NIEUW AMSTERDAM"	
	PROJECT MANAGER - NICK CALLEY SHIP SUPT - DAVE SHERIDAN	START - 5/17/89 STOP - 5/30/89

JOB #	NAME OF VESSEL - PM/SS	START/STOP DATE
5500	USCGC POLAR SEA	
	PROJECT MANAGER - TERRY KINGREY SHIP SUPT - JOHN GILMORE	START - 4/6/89 STOP - 8/1/89
5501	USCGC POLAR SEA (JLG RENTAL)	
	PROJECT MANAGER - TERRY KINGREY SHIP SUPT - JOHN GILMORE	
5502	BERTHING FACILITY	
	PROJECT MANAGER - TERRY KINGREY SHIP SUPT - JIM MCCLURE	START - 5/16/89 STOP - 5/19/89
5503	BERTHING RENTAL	
	PROJECT MANAGER - TERRY KINGREY SHIP SUPT - JOHN GILMORE	START - 5/17/89 STOP - 6/10/89

# Dry Dock and Berthage Schedule



TOTAL SPACE AVAILABLE IN TREATMENT PLANT: 25,000 DATE: 6/12/89

	VESSEL	CONT.	DATE IN	DATE OUT	ORD'D BY	LOA	BEAM	TONS
==:			DRYDOCK #1			=====		
==:	**=====================================	======	, ,		_========		:=====	======
	ICE BEAR	CG	12-Jun-89	14-Jun-89	KRUG	123	26	233
	HAWAII	WSI	17-Jun-89	21-Jun-89	MITCHELL	430	80	6377
	USNS SILAS BENT USNS HAYES	POP CG	26-Jun-89 24-Jul-89	13-Jul-89 30-Aug-89	TWINE JONES	28 <b>5</b> 246	48 75	245€ 3677
	USNS TATES	CG	24-0u1-69	30-Aug-69	JONES	240	/5	3011
==:		======		========		=====	=====	======
			DRYDOCK #3					
==:	=======================================	======				:====	:=====:	=====
	CRANE RAIL REPAIRS	POP	15-Apr-89	01-Aug-89	TWINE			
#	USCG POLAR SEA	NW	01-May-89	30-Jun-89	MILLS	39 <b>9</b>	84	
#	CHEVRON OREGON	CG	05 <b>-</b> Jul-89	11 <b>-</b> Jul-89	JONES	650	96	1694]
#	COAST RANGE	NW	12-Jul-89	17 <b>-</b> Jul-89	MILLS	6 <b>59</b>	100	21357
#	USCG POLAR SEA	NW	17 <b>-</b> Jul-89	25 <b>-Aug-</b> 89	MILLS	39 <b>9</b>	84	
*	USCG IRIS	WSI	12-Aug-90	20-Aug-89	MATTIX	180	37	
*	USCG IRIS	CG	25-Aug-89	01-Sep-89	WAY	180	37	
*	PACIFIC PRINCESS	NW	09-Sep-89	21-Sep-89	MILLS	5 <b>53</b>	81	7703
*	FAIR PRINCESS	NW	23-Sep-89	03-Oct-89	MILLS	608	80	8706
*	OCEAN PHOENIX	NW	09 <b>-</b> 0ct-89	23-Oct-89	MILLS	6 <b>69</b>	76	16542

<sup>#</sup> INDICATES NEW ADDITION OR CHANGE SINCE LAST ISSUE OF SCHEDULE

<sup>\*</sup> INDICATES BID JOB

	VESSEL	CONT.	DATE IN	DATE OUT	ORD'D BY	LOA	BEAM	TONS
==			DRYDOCK #4			====	====:	======
==		======	:======================================		_========	====	=====	=====
	MERCURY (USNS)	CG	31-Maý-89	14-Jun-89	JONES	685	102	23382
	ASPEN	NW	14-Jun-89	19-Jun-89	MILLS	811	125	37784
	KSC 700 BARGE	NW	20-Jun-89	25-Jun-89	MILLS	700	182	42747
	EXXON BATON ROUGE	NW	25-Jun-89	03-Jul-89	MILLS	810	125	34266
	PATHFINDER II	CG	10-Jul-89	15-Jul-89	JONES	6 <b>86</b>	106	28975
	LOADOUT BARGE	ARCO	15-Jul-89	19 <b>-</b> Jul-89	PURL	400	100	6642
	ARCO ALASKA	CG	19 <b>-</b> Jul-89	23-Jul-89	JONES	953	166	83675
	OVERSEAS JUNEAU	WSI	24-Jul-89	30-Jul-89	MATTIX	883	138	57701
	B.T. ALASKA	NW	30-Jul-89	04-Aug-89	MILLS	915	166	83650
	ATIGUN PASS	POP	04-Aug-89	11-Aug-89	TWINE	906	173	74250
	SIERRA MADRE	NW	12-Aug-89	16-Aug-89	SHERIDAN	659	100	21351
*	THOMPSON PASS	POP	12-Aug-89	17-Aug-89	TWINE	906	173	74251
	ROTTERDAM	NW	11-Sep-89	23-Sep-89	MILLS	784	94	38644
	NOORDAM	NW	24-Sep-89	29-Sep-89	MILLS	705	89	33390
	CORNUCOPIA	NW	02-Oct-89	06-Oct-89	SHERIDAN	628	90	21688
	LOADOUT BARGE	ARCO	10-0ct-89	11-0ct-89	MCKENNA	400	100	6642
*	CONSTITUTION	CG	01-Jan-90	07-Feb-90	MENON	683	89	20269
*	STARDANCER	NW	13 <b>-</b> Jan-90	27 <b>-</b> Jan-90	MILLS	608	89	26747
	NIEUW AMSTERDAM	NW	12-May-90	21-May-90	MILLS	704	89	33390
	WESTERDAM	NW	23-Sep-90	27-Sep-90	MILLS			
	ROTTERDAM	NW	28-Sep-90	03-Oct-90	MILLS	784	94	38644
	ROTTERDAM	NW	16-Sep-91	21-Sep-91	MILLS	784	94	38644
	NOORDAM	NW	22-Sep-91	27-Sep-91	MILLS	705	89	33390

<sup>#</sup> INDICATES NEW ADDITION OR CHANGE SINCE LAST ISSUE OF SCHEDULE

<sup>\*</sup> INDICATES BID JOB

	VESSEL	CONT.	DATE IN	DATE OUT	ORD'D BY	LOA	BEAM	TONS
			BERTH 301		800′			
<b>-</b> #	MERCURY CHEVRON OREGON	CG CG	14-Jun-89 11-Ju1-89	27-Jun-89 31-Jul-89	JONES JONES	685 650	102 96	23382 16941
==		=======	BERTH 302/3	03	700 <b>′</b>	:====		=====
# * * *	SILAS BENT USCG IRIS USCG IRIS OCEAN PHOENIX OCEAN PHOENIX NOORDAM NOORDAM	CG CG WSI NW NW NW	10-May-89 24-Jul-89 21-Aug-89 01-Sep-89 23-Oct-89 20-Sep-91 27-Sep-91	12-Jul-89 25-Aug-89 01-Sep-89 09-Oct-89 30-Nov-89 22-Sep-91 28-Sep-91	JONES WAY MATTIX MILLS MILLS MILLS MILLS MILLS	285 180 180 669 669 705 705	48 37 37 76 76 89 89	2456   16542 16542 33390 33390
			BERTH 304		700 <b>′</b>			
##	COAST RANGE COAST RANGE SIERRA MADRE SIERRA MADRE NOORDAM CORNUCOPIA NIEUW AMSTERDAM WESTERDAM ROTTERDAM ROTTERDAM	NW NW NW NW NW NW NW NW NW	09-Jul-89 16-Jul-89 07-Aug-89 16-Aug-89 29-Sep-89 06-Oct-89 21-May-90 27-Sep-90 03-Oct-90 21-Sep-91	12-Jul-89 25-Jul-89 12-Aug-89 31-Aug-89 02-Oct-89 31-Oct-89 29-May-90 30-Sep-90 07-Oct-90 01-Oct-91	SHERIDAN SHERIDAN SHERIDAN SHERIDAN MILLS SHERIDAN MILLS MILLS MILLS MILLS MILLS	659 659 659 705 628 704  784 784	100 100 100 100 89 90 89  94 94	21357 21357 21351 21351 33390 21688 33390  38644 38644

<sup>#</sup> INDICATES NEW ADDITION OR CHANGE SINCE LAST ISSUE OF SCHEDULE

<sup>\*</sup> INDICATES BID JOB

VESSEL	CONT.	DATE IN	DATE OUT	ORD'D BY	LOA	BEAM	TONS
		BERTH 305		700 <b>′</b>			
POLAR SEA	NW	30-Jun-89	21 <b>-</b> Jul-89	MILLS	399	84	
ROTTERDAM	NW		08-Oct-89		784	94	38644
ROTTERDAM	NW	24-Sep-90	28-Sep-90	MILLS	784	94	38644
:=====================================		306, 307 & 3			=====	:====: :=====	======
CAPE EDMONT	POP	18-May-87	INDEF.	TWINE	648	94	13355
NORTHERN LIGHT	POP	27-Feb-89	INDEF.	TWINE	484	68	9361
CAPE ISABEL	POP	30-Nov-88	INDEF.	TWINE	685	102	23382
COMET	POP	27-Feb-89	INDEF.	TWINE	499	78	13792
	_======	== <b>=====</b> === BERTH 309	======================================		=====	=====	======
			========		=====	=====	======
NOTHING SCHEDULED		,					
		BERTH 310		=======================================	=====		
NOTHING SCHEDULED					<u> </u>		
	======	BERTH 311			-====	=====	=====
GRAND CANYON STATE	POP	== <b>=====</b> 02-May-88	INDEF.	TWINE	669	76	16819
	======			========	=====	====	=====
	=====	BERTH 312	=======================================	-2-22-2-		=====	=====
LIBERTY BELLE	CG	15-Jun-89	30-Jun-89	JONES	894	106	4487
LOADOUT BARGES	ARCO		24-Jul-89		400		664
ATIGUN PASS	POP		04-Aug-89		906		7425
ATIGUN PASS	POP		15-Aug-89		906	173	74250

<sup>#</sup> INDICATES NEW ADDITION OR CHANGE SINCE LAST ISSUE OF SCHEDULE

<sup>\*</sup> INDICATES BID JOB

	VESSEL	CONT.	DATE IN	DATE OUT	ORD'D BY	LOA		TONS
			BERTH 313					
===	EXXON BATON ROUGE EXXON BATON ROUGE OVERSEAS JUNEAU OVERSEAS JUNEAU	NW NW WSI WSI	22-Jun-89	25-Jun-89 13-Jul-89	MILLS MILLS	810 810 883 883	125 125 138 138	34266 34266 57701 57701
==		:== <b>=</b> ====	BERTH 314	<b>=====</b>		======	====	
* * *	ASPEN ASPEN ARCO ALASKA ARCO ALASKA B.T. ALASKA THOMPSON PASS STARDANCER CONSTITUTION	NW NW CG CG NW POP NW CG	02-Jun-89 20-Jun-89 15-Jul-89 23-Jul-89 04-Aug-89 23-Aug-89 27-Jan-90 07-Feb-90	14-Jun-89 27-Jun-89 19-Jul-89 02-Aug-89 19-Aug-89 18-Sep-89 15-Mar-90 14-Feb-90	JONES JONES MILLS TWINE MILLS JONES	811 811 953 953 915 906 608 683	125 125 166 166 166 173 89 89	37784 37784 83675 83675 83650 83675 26747 20269
	WILLIAMSBURGH	POP	27-Jun-86	INDEF.	TWINE	1095	144	103812
	VESSELS DROPPED FRO	OM SCHEDU	JLE					
	VESSEL		DROPPED					
	PETERSBURG MOBIL MERIDIAN		6/01/89 6/01/89					

FY 1989

NAME	START DATE	end date	DAYS AVAIL	MAN- HOURS	AWARD FACTOR	PROJECTED Hours
ANSINENA II	02-May-89	06-Jun-89	35	29,000	100%	29,000
XXON BATON ROUGE	19-Jun-89	17-Jul-89	28	80,000	100%	80,000
TIGUN PASS	24-Ju1-89	15-Aug-89	22	75,000	33%	24,750
DAST RANGE	05-Jul-89	25-Jul-89	20	25,000	100%	25,000
Hompson Pass	01-Aug-89	30-Aug-89	29	75,000	33%	24,750
IERRA MADRE	01-Aug-89	23-Aug-89	22	25,000	100%	25,000
ORNUCOPIA	02-0ct-89	31-Oct-89	29	30,000	100%	30,000
SPEN ,	02-Jun-89	27-Jun-89	25	35,800	100%	35,800
ARGE KSC 700	03-Ju1-89	11-Jul-89	8	3,056	100%	3,056
.T. ALASKA	29-Jul-89	03-Aug-89	5	30,000	95%	28,500
.S. CHARLES L. BROWN	01-Aug-89	28-Aug-89	27	20,000	20%	4,000
ICEAN PHEONIX	15-Jul-89	15 <del>-N</del> ov-89	123	80,000	25%	20,000
OLUMBIA VICTORY,	16-Sep-83	28-Sep-89	12	15,000	10%	1,500
OLUMBUS VIRGINIA	02 <b>-0</b> ct-89	13-Oct-89	11	15,000	10%	1,500
XXON VALDEZ	, 15-Aug-89	31-Dec-89	138	175,000	50≭	87,500

## CRUISE SHIPS

			50,000	50%	25,000
7-May-89	22-May-89	5	25,000	100%	25,000
1-Sep-89	08-Oct-89	27	300,000	100%	300,000
24-Sep-89	02-Oct-83	8	25,000	100%	25,000
23-Sep-89	2 <del>3-</del> Sep-89	6	30,000	10%	3,000
9-Sep-89	21-Sep-89	12	50,000	10%	5,000
	<del></del>			*****	383,000
	1-Sep-89 4-Sep-89 3-Sep-89	1-Sep-89	1-Sep-89 08-Oct-89 27 4-Sep-89 02-Oct-89 8 3-Sep-89 29-Sep-89 6	1-Sep-89 08-Oct-89 27 300,000 4-Sep-89 02-Oct-89 8 25,000 3-Sep-89 29-Sep-89 6 30,000	1-Sep-89 08-Oct-89 27 300,000 100% 4-Sep-89 02-Oct-89 8 25,000 100% 3-Sep-89 29-Sep-89 6 30,000 10%

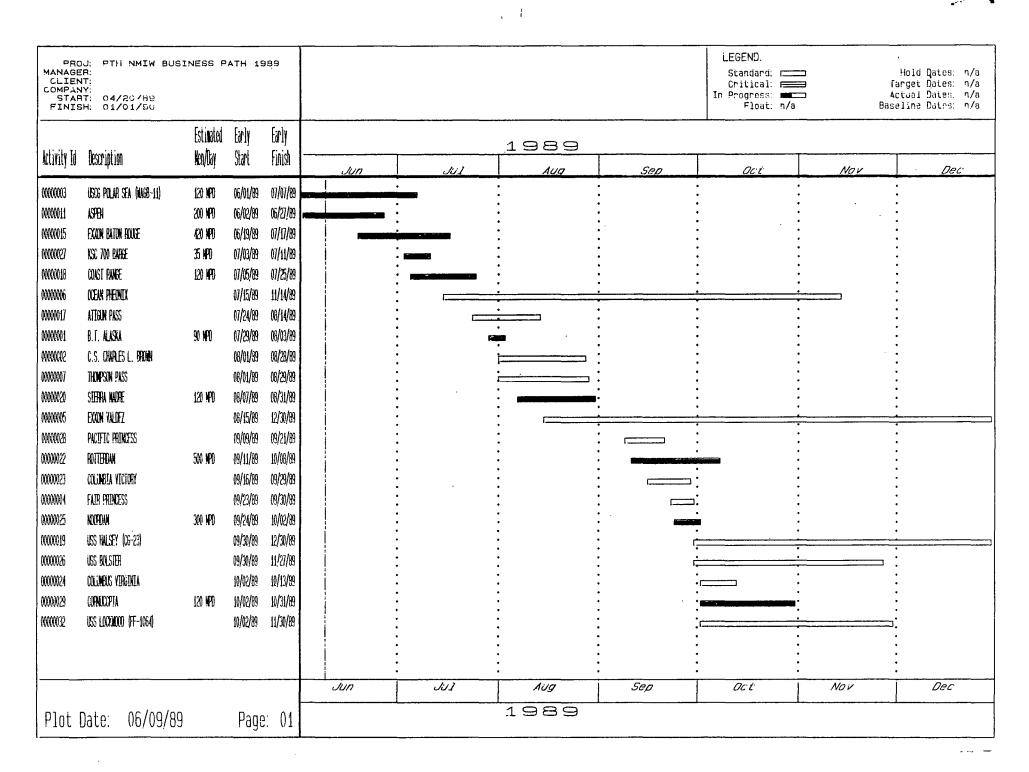
FY 1990

#### TANKERS

NAME	START DATE	end date	DAYS AVAIL	Man- Hours	AMARD FACTOR	PROJECTED Hours
EXXON VALDEZ	01-Jan-90	27-Mar-90	<b>8</b> 5	225000	50%	112,500
ARCO JUNEAU	Feb-90		ERR	58,000	25%	14,500
CHEVRON COLORADO	Mar-90		ERR	25,000	17%	4,250
STYVESANT	<b>Apr-9</b> 0		ERR	38,000	25%	9,500
LION OF CALIFORNIA	Apr-90		ERR	19,000	50%	9,500
KEYSTONE CANYON	Apr-90		ERR	54,000	25%	13,500
ARCO CALIFORNIA	May-90		ERR	67,000	25%	16,750
CHEVRON CALIFORNIA	May-90		ERR	30,000	17%	5, 100
Brooks range	May-90		ERR	72,000	25%	18,000
ARCO SAG RIVER	Jun-90		err	48,000	25%	12,000
SANSINENA II	15-May-90	25-May-90	10	19,000	100%	19,000
COAST RANGE	15-Jul-90	25-Jul-90	10	15,000	100%	15,000
SIERRA MADRE	15-Aug-90	25-Aug-90	10	15,000	100%	15,000
CORNUCOPIA	15-0ct-90	25-Oct-90	10	15,000	100%	15,000
ARCD TEXAS	Jun-90		ERR	30,000	25%	7,500
MOBIL ARCTIC	Sep-90		ERR	38,000	10%	3,800
ARCO INDEPENDENCE	Oct-90		ERR	71,000	25%	17,750
GOLDEN GATE	Oct-90		ERR	30,000	25%	7,500
CHEVRON MISSISSIPPI	<b>Nov-9</b> 0		ERR	30,000	17%	5,100
KEYSTONER	Nov-90		ERR	30,000	25%	7,500
OVERSEAS WASHINGTON	1 <b>99</b> 0		ERR	29,000	25%	7,250
PHILADELPHIA SUN	1990		ERR	40,000	25%	10,000
BROOKLYN	1 <b>99</b> 0		ERR	40,000	25%	10,000
ADMIRALTY BAY	<b>199</b> 0		ERR	29,000	25%	7,250
EXXON VARIOUS	1 <b>99</b> 0		ERR	150,000	33%	49,500
TOTAL TANKER HOURS	:					412,750

#### CRUISE SHIPS

NAME	START DATE	end date		MAN- HOURS	award Factor	PROJECTED Hours
MISCELLANEOUS CRUISE SHIPS	)		0	120,000	50%	60,000
STAR DANCER	· 13-Jan-90	27-Jan-90	14	•		. 0
nieuw amsterdam	12 <b>-M</b> ay-90	2 <del>9-M</del> ay-90	17	40,800	100%	40,800
Westerdam	23-Sep-90	30-Sep-90	7	·	100%	. 0
rotterdam	28-Sep-90	07-Oct-90	9		100%	0
		•	0			0
TOTAL CRUISE SHIP HOURS:						100,800
TOTAL ALL COMMERCIAL HOURS	5:					513,550



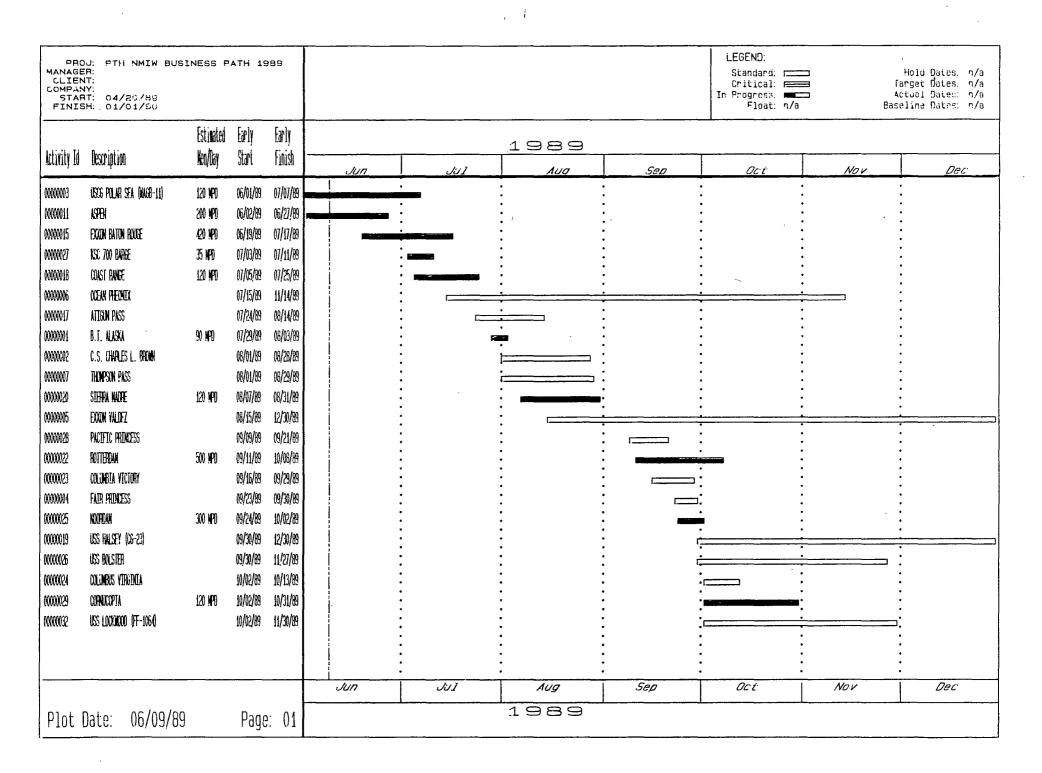
	Date: 06/09/89		Page	ı					90							
	· · · · · · · · · · · · · · · · · · ·		-		Jan	Feb	Kar	Apr	Kay	JUIT	JUI	Aug	Sep	Act	Nov	Dec
000013	SIEPPA NAOPE		07/15/90			•	• •	•	•	•			•	•	· .	•
00012	COAST RANGE			07/25/90		•	•	•	•	•		•	•	•	•	
00036	USS STANDLEY		06/04/90	12/30/90		•	•	•	•	· · · · · · · · · · · · · · · · · · ·	·	·			· · · · · · · · · · · · · · · · · · ·	· 
20015	APCO TEXAS		06/01/90	06/15/90		•	•	•	•		- •	•	•	•	• •	
00010	ARCO SAG RIVER		06/01/90	06/15/90		•	• •	•			• •	• •		•		
00011	SANSINENA II		05/15/90	05/25/90		•	•	•	· —		•	•	•	•		• •
000027	NTERN ANSTERDAM		05/12/90	05/29/90		•	• •	•	•	•	- • •	: • •	•	• •		•
00009	BROOKS RANGE		05/01/90	05/15/90			•	•			• •	•	•	•		
000008	OFEVAON CALIFORNIA		05/01/90	05/15/90		•	•	•	<u></u>	• •	•	•		•	· ·	
00007	ARCO CALIFORNIA		05/01/90	07/15/90 05/15/90		•	•				•	• •				•
XXXXX6 XXXXXX	KEYSTONE CANYON USS DUNCAN (FF6-100)		04/01/90 04/02/90	04/15/90 07/18/90		•	:		•		•	•	•	•	•	•
00005 *********************************	LION OF CALIFORNIA		04/01/90	04/55/90		•	• •	<u> </u>	•		•	• •		•	· ·	
00004	STWESHIT		04/01/90	04/15/90		•	:		<u>:</u>	•	•	•	•	•	•	•
XXXXX	USS PULLER (FFG-22)		03/08/90	05/07/90		•	•	•		•	•	•	•	•		•
XXXX33	USS CPAY (FF-1054)		03/05/90	06/25/90		•	:	<u> </u>	•		•	•	•	•	•	•
XXXX	USS LANG (FF-1060)		03/05/90	05/29/90		•	:	•	:	•	• •	• •		•	• •	
000003	C'EVRON COLORADO		03/01/90	03/15/90		•	—		•	•	•	• •	•	• •		
000002	APAD JUNEAU		02/01/90	02/15/90		<del></del>	•	•	•	•	•	• •	•	•		•
1000031	USS GRUDLEY (CG-21)		01/22/90	12/30/90		•	•	•	•			•				
1000026	STAR DANCER		01/13/90	01/27/90		•	· :	:	•		•	• •	• •	•	•	•
)000030	USS HALSEY (CG-23)		01/01/90	10/02/90		<del>:</del>	:	•	•		<del></del>	<del></del>		i		•
000025	EXXON VARIOUS		01/01/90	04/10/90		•	•	<del></del>	: :							
100000	EXXON VALDEZ		01/01/90	03/26/90		<u> </u>	•	•	•	•		•	•	•	•	•
ctivity Id	Description	Ken/Day	Stært -	Finish	Jan	Feb	Kar	Aor	Nav	Jt11	NI.	AUO	Sco	ari	Nov	Dec
		Esti <b>n</b> ated	Early	Early				1 9	990							
												Critica In Progres	al: ====		Target Da Actual Da Baseline Da	ies. n/ ies: n/
ANAGE	J: PT2 NMIW BU: :A:	SINES PA	ATH 19	90								LEGEND:	`d:		Holo Qa	ies: n/a

PRO	R:	USINES PA	ATH 19	990									ra: 💳		Hold Da	ites. n/a
CLIEN COMPAN STAR FINIS	IT:  Y:  T: 01/01/90  H: 12/31/90								•			In Progre	al:		larget Da Actual Da Baseline Da	aies: n/a aies: n/a
		Estimited	Early	Early				1 0	990							
Activity Id	Description	Hen/Day	Start	Finish	Jan	Feb	War	Apr	Nav	din	MI	AUG	SOO	art	Mbv	Дес
0000037	USS NADSKORTH (FFG-9)		07/16/90	12/30/90		•	•	•	•	•		•	•	•	•	
000038	USS PREEVES (CG-24)		08/06/90	12/30/90		•	•	•	•	•	•	: ====	·	<u>.                                    </u>	•	<u>.                                    </u>
000016	NOBIL ARCTIC		09/01/90	09/15/90		•	•	•	•	•		•	:	<u>;</u>	•	•
)000021	NOT DEPENDENT EASE BYO		09/01/90	09/15/90		•	•	•	•	•	•	•	·		• •	
XXXX22	PHILADELPHIA SIN		09/01/90	09/15/90		•	•	•	•	•	•	•	· 	: :	· :	<u>:</u>
000023	BROOKLYN		09/01/90	09/15/90	•		•	•	•	•	•	•	<u> </u>			•
XXXXX	ADNOTRALTY BAY		09/01/90	09/15/90		•	:	•	•	•	•	•	<u>:</u>		• •	
XXXXX	NESTERDAN		09/23/90	09/30/90		•	•	•	• •	•	•	•		r	• •	:
000029	POTTEPDAN		09/28/90	10/07/96		•	•	•	•	•	•	•		<del>je</del>	• ·	•
000017	ARCO INDEPENDANCE		10/01/90	10/15/90		•	•	•	•	•	•	•	•	<u></u>	•	•
8100000	GOLDEN GATE		10/01/90	10/10/90			•	•	• •	• •	•	•			:	:
1000014	COPAUCOPIA		10/15/90	10/25/90		•	•	•	•	•		•	•		•	•
0000019	CHEVRON NESSESSEPPE		11/01/90	11/15/90		•	· :	•	•	•	•	•	•	•	<u> </u>	•
000020	KEYSTONER		11/01/90	11/15/90			•	•	•	•	•	•	•	•	<u></u>	:
						•	•	•	•	•	•	•	•	:	•	•
						:	• •	•	•	• •	•	•	•	•	•	:
						•	•	•	•	•	•	•	•	•		:
	•					•	•	•	•	•	•	•	•	•	•	•
							•	•	· ·	•	:	•	•		•	•
						•	•	•	•	•	•	•	•	•	•	•
				<b>.</b>		•	- •	•	- •	•	•	• •	•	•	•	•
				•		•	•	•	•	•	•	•	•	•	•	•
						•	• •	•	•	•	•	•	•	•	•	•
		<del>- : - : : :</del>			Jari	· Feb	. Mar	. Apr	May	Min	. dii	AUG	Sep	ari .	NOV	. Dec
<b>.</b>			_			<u> </u>		1	990	L	I				L	
lot [	Date: 06/09/8	39	Page	e: 02				7 =	9 <b>9</b> 0	•						

MANAGE CLIEN COMPAN STAR	IT:	SINESS P	'ATH 19	989					LEGEND: Standard: Critical. En Progress. Float: n/a		Hold Qates. n/a Farget Dates: n/a Actual Dates: n/a aseline Dates. n/a
letivitu Id	Docen ni an	Estimated Von May	Early Start	Early Finish			1989				
Activity Id	Description	Ken/Day	JUL		Jun	Ji ]	Aug	Sep	Oc t	Nov	<i>Dec</i>
00000003	USCG POLAR SEA (NAGB-11)	120 MPO	06/01/89	07/07/89		·	•	:	:	• •	•
00000011	ASPEN	200 MPD	06/02/89	06/27/89		:	•	•	:	• •	:
00000015	EXXON BATON POUCE	420 MPO	06/19/89	07/17/89			•	:	:	• •	:
00000027	KSC 700 BARGE	35 NPD	07/03/89	07/11/89		•	•	•	•	•	•
00000018	COAST PANGE	120 MPD	07/05/89	07/25/89		•	•	•	•	•	•
00000006	OCEAN PHEONIX		07/15/89	11/14/89	İ	: -	•	•	-		:
00000017	ATTGUN PASS		07/24/89	08/14/89				•	•		:
00000001	B.T. ALASKA	90 MPD	07/29/89	08/03/89		, Fi		•	•	•	•
00000002	C.S. CHAPLES L. BROWN		08/01/89	08/28/89		•		•	•	•	•
00000017	THOMPSON PASS		08/01/89	06/29/89		:	<del></del>	:	:	•	:
00000020	SIEFFA NADTE	120 MPD	08/07/89	08/31/89	ļ	•	:	i.	•		:
00000005	EXXON VALDEZ		08/15/89	12/30/89		•	:	-	•		
00000028	PACIFIC PRINCESS		09/09/89	09/21/89		•	•	:	•	•	•
00000022	ROTTETOAN	500 MPD	09/11/89	10/08/89			:		•	•	•
00000023	COLUMBIA VICTORY		09/16/89	09/29/89		•	:	:			:
00000004	FAIR PRINCESS		09/23/89	09/30/89		•	•	: =	⊐.	•	•
00000025	NOOFDAN	300 NPD	09/24/89	10/02/89		•	•			•	•
00000019	USS HALSEY (CG-23)		09/30/89	12/30/89	į	•	•	•	•		•
00000026	USS BOLSTER		09/30/89	11/27/89	İ	•	•	•			:
00000024	COLLINGUS VIERGINIA		10/02/89	10/13/89		•	•	•	•	•	:
00000029	COPALICOPTA	120 MPD	10/02/89	10/31/89		:	•	•	* 100-1	•	:
0000032	USS LOCKNOOD (FT-1064)		10/02/89	11/30/89		•	•	•	•		· ⊐:
	• •					•	•	•	•		•
					Jun	:   J:JI	:   Aug	:   <i>Sep</i>	Oct	Nov	:   Dec
Plot (	Date: 06/09/8	9	Page	: 01			1989	·	<u> </u>		

MANAGE CLIEN COMPAN STAF	IT:	SINES PA	ATH 19	90								Critica In Progres	d: ====================================		Target Da	ates: n/a ates: n/a ates: n/a ates: n/a
13725.71	n :1:	Estimated	Early	Early				19	990							
Activity Id	Description	Men/Day	Start	Finish	Jān	Feb	Kar	Apr	May	Jin	MI	AUG	Sep	ari	Nov	Дес
10000000	EXXON VALDEZ		01/01/90	03/26/90		•	<del>:</del> _	:	:	•	• •	:	•	• •	•	:
0000025	EXXON VARIOUS		01/01/90	04/10/90		<del> </del>	•	<del>.</del>	: :	: :		: :		· 	<del>.</del>	·
00000030	USS HALSEY (06-23)		01/01/90	10/02/90		<del></del>	•	<u>-</u>	<u> </u>	<del></del>		•	<u> </u>	i	•	
00000026	STAR DANCER		01/13/90	01/27/90		•	•	:	•	•	•	•	•	•	•	:
16000000	USS GRIDLEY (CG-21)		01/22/90	12/30/90		•	•	•	•	•	•	•	•	•	•	<del></del>
00000002	APCO JUNEAU		02/01/90	02/15/90		<u>;</u>	•	•	•	•	•	•	•	•	•	:
00000003	CHEVRON COLORADO		03/01/90	03/15/90		•	<u></u>		•	•	•	•	•	•	•	
00000032	USS LANG (FT-1060)		03/05/90	05/29/90		•	:	<u>.                                    </u>	· :	•	•	•	•		• .	:
XXXXXX33	USS GRAY (FF-1054)		03/05/90	06/25/90		•	:	<u> </u>		<del>;</del> _	•	•	•	•	•	•
00000034	USS PULLER (FFG-22)		03/08/90	05/07/90		:	: ===	<u> </u>	$\doteq$	:	•	•	•	•	•	•
00000004	STYVESANT		04/01/90	04/15/90		•	•	<u>;</u>	:	•	• •	•	•	•	• •	
00000005	LION OF CALIFORNIA		04/01/90	04/15/90		•	•	<del></del>	•	•	•	•	•	•	•	•
00000006	KEYSTONE CANYON		04/01/90	04/15/90		•	•	<u></u>	•	•	•	•	•	•	•	:
00000035	USS DUNCAN (FF6-100)		04/02/90	07/18/90		•	•	:	·	•	<u>.                                    </u>	•	•	•	•	:
00000007	ARCO CALIFORNIA		05/01/90	05/15/90		•	•	•	<u></u>	•	•	•	•	•	•	•
20000008	CHEVRON CALIFORNIA		05/01/90	05/15/90		•	:	:	<u> </u>	· -	•	•	•	•	•	•
00000009	BROOKS RANGE		05/01/90	05/15/90		•	•	:		· <u>·</u>	•	•	•	•	•	:
0000027	NIEUN ANSTERDAN		05/12/90	05/29/90		•	•	•		•	•	•	•	•	•	•
11000000	SANSINENA II		05/15/90	05/25/90		•	•	•	: -	•	•	:	•	•	• •	:
01000000	ARCO SAG RIVER		06/01/90	06/15/90		•	• •	•	• •	<u></u>	• • •	•	•	•	•	•
00000015	APCO TECAS		06/01/90	06/15/90		•	•	•	• •		•	•	•	• •	• •	•
XXXXXXX36	USS STA <b>I</b> CLEY		06/04/90	12/30/90		•	<b>.</b>	•	•	:		•			<u> </u>	<u> </u>
20000012	COAST PANCE		07/15/90	07/25/90		•	•	•	•	•		•	•	•	•	•
00000013	SIEDRA WORE		07/15/90	08/25/90		•	•	•	- • •	•		•	•	• •	• • •	:
					Jan	Feb	Mar	Apr	May	Sin	N)	Aug	Sep	ac t	Nov	Dec
Plot [	Date: 06/09/89		Page	: 01				1 9	990							

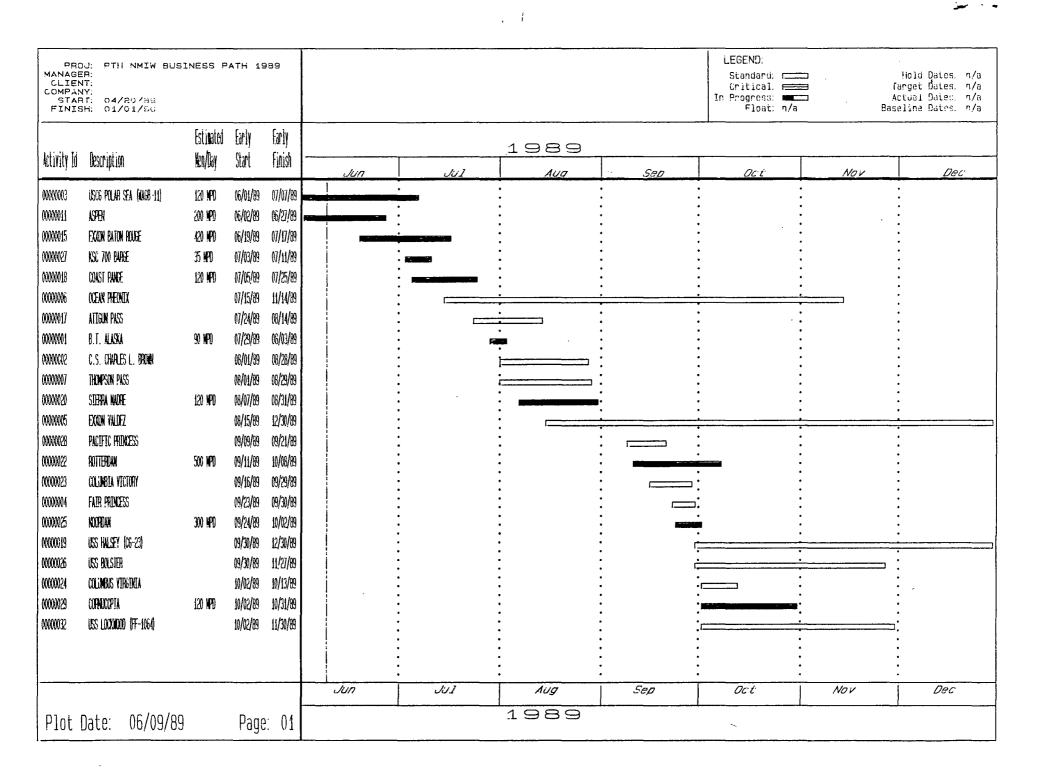
MANAGE CLIEN COMPAN STAR	T:	USINES P	ATH 19	90								Critic In Progre	ord: sal: sal: sal: sal: sal: sal: sal: sal		Hold Da Yarget Da Actual Da Baseline Da	stes: n/a
		Estimated	Early	Farly				19	990							
Activity Id	Description	Hen/Day	Start	Finish	Jan	Feb	Nar	AOT	Mar	Jun	til	Aug	Seo	ai	Nov	Dec
00000037	USS NADSHORTH (FFG-9)		07/16/90	12/30/90		•	•	:	•		: -	:	•			
00000038	USS AREVES (CG-24)		08/06/90	12/30/90		•	:	:	•	•	•	:	·	•	<u> </u>	<u> </u>
61000000	NOBIL ARCTIC		09/01/90	09/15/90			•	•	•	:	•	•	<u>i</u>	-	•	
00000021	OVERSEAS HASHIDIGTON		09/01/90	09/15/90		•	•	•	•	•	:	•	<del></del>			<u>.</u>
00000022	PHILADELPHIA SIN		09/01/90	09/15/90			•	•	•		•	:	· 	: 	: :	:
00000023	BROOKLYN		09/01/90	09/15/90		•	:	•	•	:	•	:	<u>;</u>		• •	•
00000024	ADMIRALTY BAY		09/01/90	09/15/90		•	:	:	•	:	•		<u></u>			· -
00000028	WESTERDAN		09/23/90	09/30/90		•	•	•	•	•	•	•		•	•	•
00000029	POTTERDAN		09/28/90	10/07/94		•	•	•	•	•	•	•	:	<del>i</del>	:	•
00000017	ARCO INDEPENDANCE		10/01/90	10/15/90		•	:		•	:	•	•	:	<u></u>		•
00000018	COLDEN GATE		10/01/90	10/10/90		:	•	•	:	:	•	•	•	<u></u>	:	•
00000014	COALCOPIA		10/15/90	10/25/90		:	•	:	•	•	•	•	•		•	•
01000000	CHEVRON MISSISSIPPI		11/01/90	11/15/90		•	•	:	•	•	•		:	:	<u></u>	•
00000020	KEYSTONER		11/01/90	11/15/90		•	•	•	•	:	•	•	•	•	<u> </u>	:
						•	•	:	•	:	•	:	:	:	•	•
				1		:	:		•	•	•	•	:	:	•	•
				1		•	•	•	•	:	•	•	•	:		•
				]		:	:		• •	•	•	•	•	•	•	•
				-		•	•	•	•	•	•	•	•	:	•	
						•	•	:	•	•	•	•	:	•	•	•
						:	:	•	•	:	•	•	•	•	•	•
	•					:	•	•	•	:	•	•	•	•	•	•
						•	•	•	• •	•	• •	•	:	•	• •	•
		· <del></del> -			Jan	Feb	Mar	. Apr	May	JUIT	·	Muj	Sep	· Art	NOV	Dec
Plnt r	Date: 06/09/8	39	Page	: 02		<u></u>	<u> </u>	19	990	<u> </u>	1	1	1	L	L	1



	IA: IT:	SINES P	ATH 19	990								Critica In Progres	rd:		Target D	ates. n/a ates: n/a ates: n/a ates: n/a
1025 1	D 11	Estimated	Early	Early				1 9	990							
Activity Id	Description	Nen/Day	Start	Finish	Jan	Feb	Kar	ADT	Kay	Jun	MI	AUQ	500	ari	Nov	Оес
00000001	ECCON VALUEZ		01/01/90	03/26/90		•	<u>:                                    </u>	:	:	•	:	• •	• •	• •	•	:
0000025	EXXON YARIOUS		01/01/90	04/10/90		•	•	<del></del>		<del>:</del>	<u>:</u>	<del>.</del>	- 	:	÷	
XXXXXXX	USS HALSFY (CG-23)		01/01/90	10/02/90		<del>-</del>	•	<del>:</del>	<del></del>	•	<del>:</del>	<del></del>	·	į	•	:
10000126	STAR DANCER		01/13/90	01/27/90		•	•	:	•	•	•	•	• •	•	•	•
00000031	USS GRIDLEY (CG-21)		01/22/90	12/30/90		•	•	•	-	•	•	•	•	•	•	•
0000002	ARCO JUNEAU		02/01/90	02/15/90		<u></u>	:	:	:	•	•	•	•	•	•	:
NOONO03	CHEVRON COLORADO		03/01/90	03/15/90		•	<u></u>		:	•	•	•	•	•	•	:
XXXXXX	USS LANG (FF-1060)		03/05/90	05/29/90		•	:	<del>:</del>		· •	•	• •	•	- •	:	:
0000033	USS OPAY (FF-1054)		03/05/90	06/25/90		• ,	:		<del></del>	<del></del> 1	•	•	•	:	•	:
10000034	USS PALLER (FF6-23)		03/08/90	05/07/90		•	: ====	<u> </u>	÷	•	•	•	•	•	•	•
00000004	STYVESANT		04/01/90	04/15/90		•	• •	<u>:</u>	<u>.</u>	•	• •	•	•	• •	•	:
00000005	LION OF CALIFORNIA		04/01/90	04/15/90		•	•	<del></del>	•	•	•	•	•	•	•	•
200000006	KEYSTONE CANYON		04/01/90	04/15/90		•	•	<u></u>	<u>:</u>	•	:	•	•	•	•	:
XXXXXXX	USS DUNCAN (FF6-100)		04/02/90	07/18/90		•	•	·	<u> </u>	<u>.                                    </u>	· 	• •	•	•	•	•
20000007	ARCO CALIFORNIA		05/01/90	05/15/90		•	•	:	<u></u>	•	•	•		•	•	:
0000008	CHEVRON CALIFORNIA		05/01/90	05/15/90		•	•	:		•	•	•	•		•	
10000009	BROOKS RANGE		05/01/90	05/15/90		•	• •	:	· —	•	•	•	•	•	•	•
XXXXXX	NJEH AKSTERDAN		05/12/90	05/29/90		•	•	:		•	•	• •	,	•	•	:
0000011	SANGINENA II		05/15/90	05/25/90	  -	•	•	:	: -		:	•	•	•	•	:
0000010	APCO SAG RIVER		06/01/90	06/15/90		•	:	•	•	<u>.</u>	•	•	•	•	•	•
0000015	APCO TEXAS		06/01/90	06/15/90		•	•	•		<u></u>	:	• •		•		:
0000036	USS ST <b>NOLEY</b>		06/04/90	12/30/90		:	•	:	:	:	•				•	<del></del>
0000012	COAST PANCE			07/25/90		•	• •	•	•	•	•	•		•	•	•
00000013	SIEPPA WADPE		07/15/90	08/25/90	_	•	•	•	•	•			•	•	•	:
					Jan	Feb	Mar	Apr	Kay	AIT	N)	AUG	S30	act	NOV	Dec
Plot [	Date: 06/09/89	9	Page	: 01				19	990				· · · · · · · · · · · · · · · · · · ·		•	***************************************

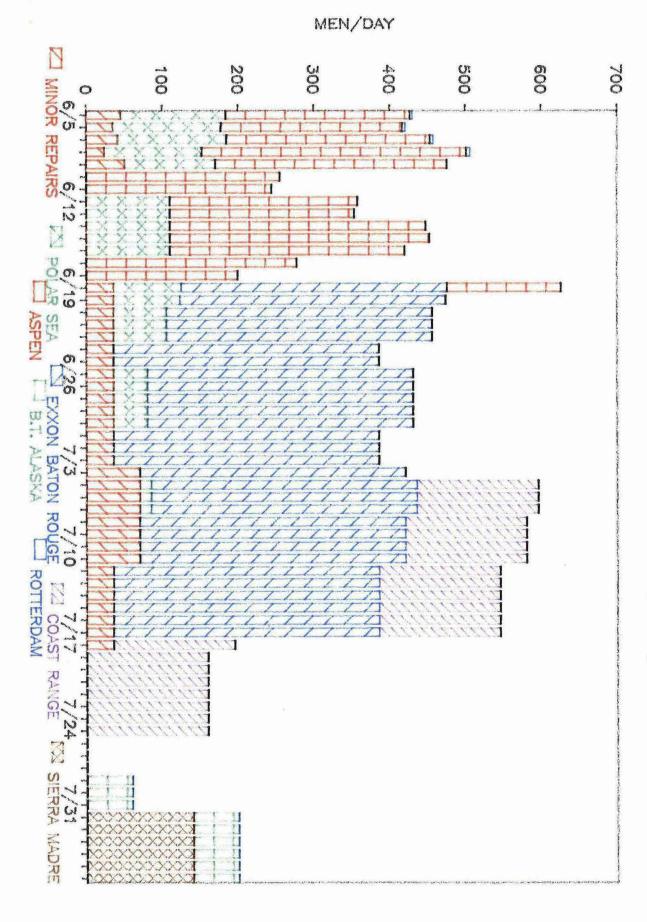
, 1

MANAGE CLIEN COMPAN STAR	IT:	JSINES P.	ATH 19	990								Critic In Progre	rd: al.		Hold Da Target Da Actual Da Baseline Da	ies. n/a
121111	<b>6</b>	Estimated	•	Early				19	990							
Activity 10	Description	Ken/Day	Start	Finish	Jan	Feb	Nar	Apr	Nav	Jun	MI	Aug	Sep	a:t	Nov	Dec
00000037	USS WADSWORTH (FFG-9)		07/16/90	12/30/90		•	•	:	•	:	: ==	·	<u> </u>	•	•	•
XXXXXXXX	USS REEVES (CG-24)		08/06/90	12/30/90	i	:		:	•	:	•	:	<u>.                                    </u>	<u>.                                    </u>	<u> </u>	<u>.                                    </u>
20000016	NOBIL ARCTIC		09/01/90	09/15/90		:	:			•	•	•	<u>i</u>	· -	•	•
12000000	OVERSEAS VASHENCTON		09/01/90	09/15/90		:	:	:	•	•	•	:	·			• .
0000022	PHILADELPHILA SUN		09/01/90	09/15/90		:	:	:	•	•	:	•	<u>:</u>	· 	: :	•
10000023	BHOOKLYN		09/01/90	09/15/90		•	•.	•	•	•	•	•	<u> </u>	·	· 	
00000024	ADMIRALTY BAY		09/01/90	09/15/90		:	:	:	•	•	•	:	<u></u>	· 	• •	
00000028	NESTERDAN		09/23/90	09/30/90		:	:	:		•	· ·	•			•	• •
0000029	POTTEPDAN		09/28/90	10/07/96		•	•	:	•	•	•	•	:	ije	•	
00000017	ARCO INDEPENDANZE		10/01/90	10/15/90		•	:	:	:	•	•	•	:	<u> </u>	<i>.</i>	•
8100000	GOLDEN GATE		10/01/90	10/10/90		:		:	•	•	•	•	:	· 	• •	• •
00000014	COPNUCOPIA		10/15/90	10/25/90			•	•	•	•	•	•	•		•	•
10000019	CHEVARON NISSISSIPPI		11/01/90	11/15/90		:	:	:	•	•	:	•	:	•	<u>;</u>	•
00000020	KEYSTONER		11/01/90	11/15/90		:	:	•	•	•	•	•		•	<u>.</u>	•
						•	:	:	•	•	•	•	:	•	•	•
						•	:	:	•	•	:	• ••	:	•	•	•
						:	:	:	•	•	•	•	:	:	•	
						•	•	•	•	•	•	•	:	•	•	•
						•	:	:	•	•	•	•	•	•	•	•
						•	•	•	•	• •	•	•	•	•	•	- •
						:		•	•	•	:	•	:	•	•	•
	•			3			•	:	•	•	•	:	•	:	•	
	•					•	•	•	•	•	•	•	•	•	•	•
	_					•	•	•	•	•	:	•	•	•	•	•
					Jārī	Feb	Kar	Apr	May	Jin	MI	AUG	SED	ari	NOV	Dec
Plot [	Date: 06/09/8	39	Page	: 02			•	19	990		•	•				

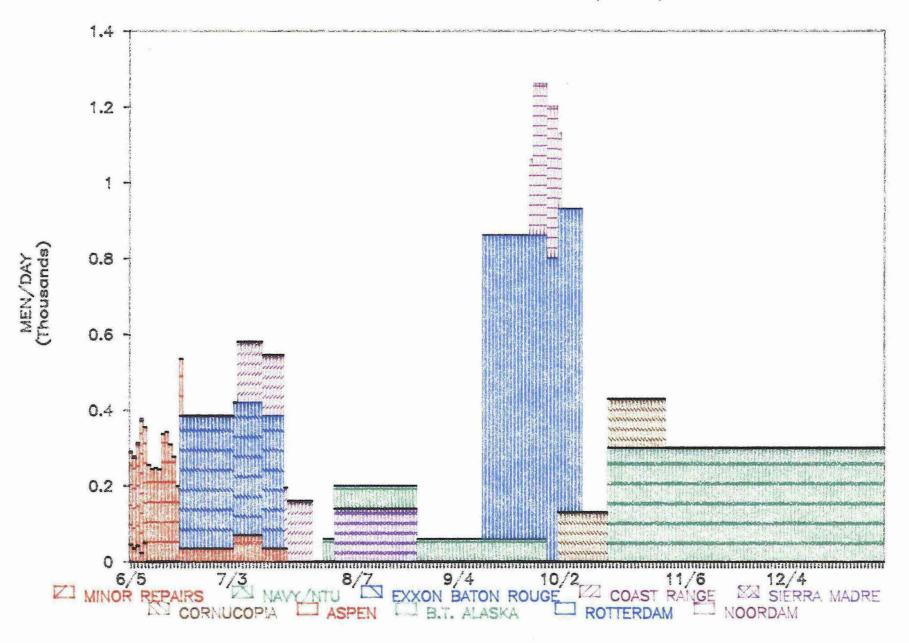


MANAGE CLIEN COMPAN STAF	NT:	SINES P	ATH 19	990								Critica In Progres	rd:		Target Da	ates. n/a ates. n/a ates: n/a ates: n/a
Islania II	Dann'alina	Estimated	Early	[ally				19	990							
Activity-1d	Description	Men/Day	Start	Finish	Jān	Feb	Kar	Aor	Kay	Jin	dij	AUQ	Sep	ari	Nov	Dec
00000001	EXXON VALDEZ		01/01/90	03/26/90		<u> </u>	<del> </del>	:	•	•	•	•	•	• •	•	•
0000025	EXXXX VARIOUS		01/01/90	04/10/90		•		<del>:</del> -	:	÷		<del>.</del>	<u>.</u>	:	<del>-</del>	<del>:</del>
00000030	USS HALSFY (CG-23)		01/01/90	10/02/90		•	•	•	•	•	•	•	•	į	•	:
00000026	STAR DANCER		01/13/90	01/27/90		•	:	:	•	•	•	•	•	•	•	
00000031	USS EAIDLEY (CG-21)		01/22/90	12/30/90		•	•	•	•	<del></del>	•	•	•	•	•	•
00000002	APCO JUNEAU		02/01/90	02/15/90		<u> </u>	•	•	•	•	•	•	•	•	•	:
00000003	CHEYRON COLORADO		03/01/90	03/15/90		:	<u>——</u>	· •	•	•	•	•	•	• •	•	:
0000032	USS LANG (FF-1060)		03/05/90	05/29/90		:	:	•	<del> </del>	•	:	· •		•		:
00000033	USS GRAY (FF-1054)		03/05/90	06/25/90	:	•	:	-	<del>;</del>	1	•	•	•	•	•	•
00000034	USS PULLER (FFG-23)		03/08/90	05/07/90		•	: ===	<u> </u>	÷	•	•	•	•	•	•	:
00000004	STYVESANT		04/01/90	04/15/90		:	•	<u>.</u>	<u>:</u>	· •	•	•	•	•	•	:
00000005	LION OF CALIFORNIA		04/01/90	04/15/90		•	•	<u> </u>		•	•	•	•	•	•	•
00000006	KEYSTONE CANYON		04/01/90	04/15/90		•	:	<del></del>	•	•	•	•	•	•	•	:
00000035	USS DUNCAN (FF6-100)		04/02/90	07/18/90	i.	:	•	:	<u> </u>	<u>:</u>	•	•	•	•	:	•
00000007	ARCO CALIFORNIA		05/01/90	05/15/90		•	•	•	<del></del>	· •	•	•	•	•	•	•
80000000	CHEVRON CALIFORNIA		05/01/90	05/15/90		•	•	•	<u> </u>	· -	•	•	•	•	•	:
00000009	EROOKS RANGE		05/01/90	05/15/90		•	•	•		•	•	•	•	•	•	•
00000027	NETEUM AMSTERDAM		05/12/90	05/29/90		•		•		• •	•	•	•	•	•	•
00000011	SANSINENA II		05/15/90	05/25/90		•	•	•	:	:	•	•	•			•
01000000	ARCO SAG RIVER		06/01/90	06/15/90		•	•	•	•	<u></u>	•	•	•	•	•	•
00000015	ARCO TEXAS		06/01/90	06/15/90		•	•	•	•	:==	• •	•	•	•	•	•
20000036	USS STANDLEY		06/04/90	12/30/90		•	•	•	•	:	•	•			•	•
00000012	COAST RANGE		07/15/90	07/25/90		•	•	:	•	•		•	•	•	•	•
00000013	SIEPPA NADPE		07/15/90	06/25/90		•	•	•	•	•	: <del>-</del>	•	•	•		•
					Jan	Feb	Mar	Apr	KGY	SUIT	MI	Aug	SOD	act	Nov	Dec
Plot (	Date: 06/09/89	}	Page	: 01				19	990							

CLIEN COMPAN STAF	IT:	USINES P	ATH 19	990							į	Critic In Progre	rd: al: ss: at:		Holo Qa Target Da Actual Da Baseline Da	ites: n/a
1 11 11 <b>T</b> 1	n ·:·	Estimated	Early	Early				19	990							•
Activity Id	Description	Men/Day	Start	Finish	Jan	Feb	Nar	Apr	Nav	Jun	M	Aug	Sep	art	Nov	Дес
00000037	USS HUUSHORTH (FF6-9)		07/16/90	12/30/90		•	•	•	•	•	•	<u>:</u>	·	•		• •
00000038	USS REEVES (CG-24)		08/06/90	12/30/90		•	•	•	• •	•	•	:	<u> </u>	•		
00000016	NOBIL ARCTIC		09/01/90	09/15/90		•	•	•		•		•	<del></del>	•	•	:
15000000	OVERSEAS MASHEMETON		09/01/90	09/15/90		•	•	•	•	•	•	:	·	•		•
00000022	PHILADELPHIA SON		09/01/90	09/15/90		•	• •	•	• •	•	•	•	<u>.</u>	:	:	<u>:</u>
(0000023	BADONT NA		09/01/90	09/15/90		:	•	•	•	•	•	•	<u></u>			•
00000024	ADATRALTY BAY	,	09/01/90	09/15/90		•	•	•	• •	•	•	•	<u></u>		• •	•
00000028	HESTEHDAN		09/23/90	09/30/90		:	• •	• •	•	•	• •	: :	:	r	•	· •
020000000	POTTEPOAN		09/28/90	10/07/96		:		•		•	•	:	: •	<del>-</del>	•	•
00000017	APCO INDEPENDANCE		10/01/90	10/15/90		•	•	•	•	•	•	•	•	<del></del>	•	
00000018	GOLDEN GATE		10/01/90	10/10/90		:	•	• •	•		•	· •		<u></u>	•	•
00000014	COPNUCCPIA		10/15/90	10/25/90			•	•	•	:	•		•	-	•	•
00000019	CHEVRON NISSISSIPPI		11/01/90	11/15/90			•	•	•	•	•	•	:	•		•
00000020	KEYSTONER		11/01/90	11/15/90		•	•	• •	•	•	•	•	•	•	<u> </u>	· : •
							• •	•	•	•	•	•	•	•	•	•
						•	•	•	•	•	•	· :	:	•	•	•
						•	•	•	•	•	•	•	•	•	•	
						•	•	•		:	•	•	:	•	•	•
						:	•	•	•	•	• •	:	:	•	•	•
						:	•	•		•	•	•	•	•	•	•
						•	•	•	•	•	•	:	•	•	•	•
	•			<b>3</b>		•	•	•	• •	•	•	•	•	•	•	•
				į		•	•	•	•	•	• •	•	•	•	•	•
					Jari	. Feb	Mar	. Apr	May	Jin	JUI -	AUG	. Sep	At	Nov	Dec
na∧+ i	Data:	00	Dage	. η <sub>ე</sub>		1	L.,	1	990	Ļ	<u> </u>	<u> </u>	1	1	l	
ו שוניו	Date: 06/09/8	09 	rayt	: 02				·								



# NMIW BUSINESS PATH 6/12/89





# NORTHWEST MARINE IRON WORKS

MAILING P.O. BOX 3109 ADDRESS:

PORTLAND, OR 97208

5555 N. CHANNEL AVE., BLDG. 2 PORTLAND, OREGON 97217

PHONE: (503) 285-7557

910-464-6107 NORMARINE PTL

DATE:

June 12, 1989

TO:

Bill Zavin

FROM:

Jim eman

SUBJECT:

Production Status Report Week Ending 6/9/89 Weekly

#### WATERFRONT

Sansinena II (Jon Sandstrom) (Doug Taylor)

Ship departed on Monday at 2350. Hardy Scroggins tasked to have lessons learned, meeting work of 19 June with Craft and Ship

Superintendents.

Barge Hercules -(Joe Vetere)

Departed 1530 on 6/9/89.

USNS Polar Sea -(John Gilmore)

Blasting complete. Still showing 4000 hours overrun at completion. We need to concentrate on closing the gap now that we have opened up the ship to crafts. Based on GFM, propeller delivery dates are 23, 27 & 30 June. We have to take ship off dock around 30 June to make way for firm bookings on DD #3. Stern tube work not finalized. 53 % progress as of 6/7/89.

S/S "Aspen"

Lack of documentation on job is being Late turn on of basic work items is major concern. Crafts are to review items and discuss where they stand relative to budget vs expenditures on 6/13/89. Bill estimates job is 45 % complete. Steel work (basic) should overrun approximatley 3.000 hrs.

#### FUTURE WORK

S/S "Exxon Baton Rouge" (Bob Kunkel)

Craft budgets being established. to L.A. is scheduled for 6/14/89.

CC: B. Johnston

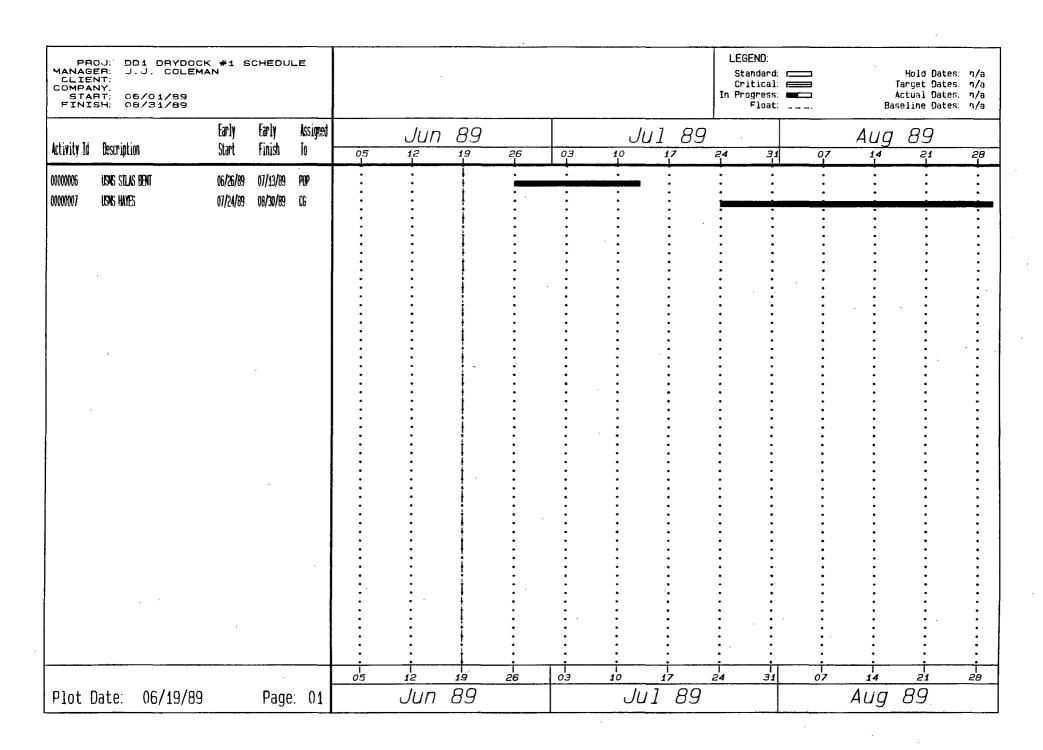
L. Mills

Craft Superintendents Ship Superintendents

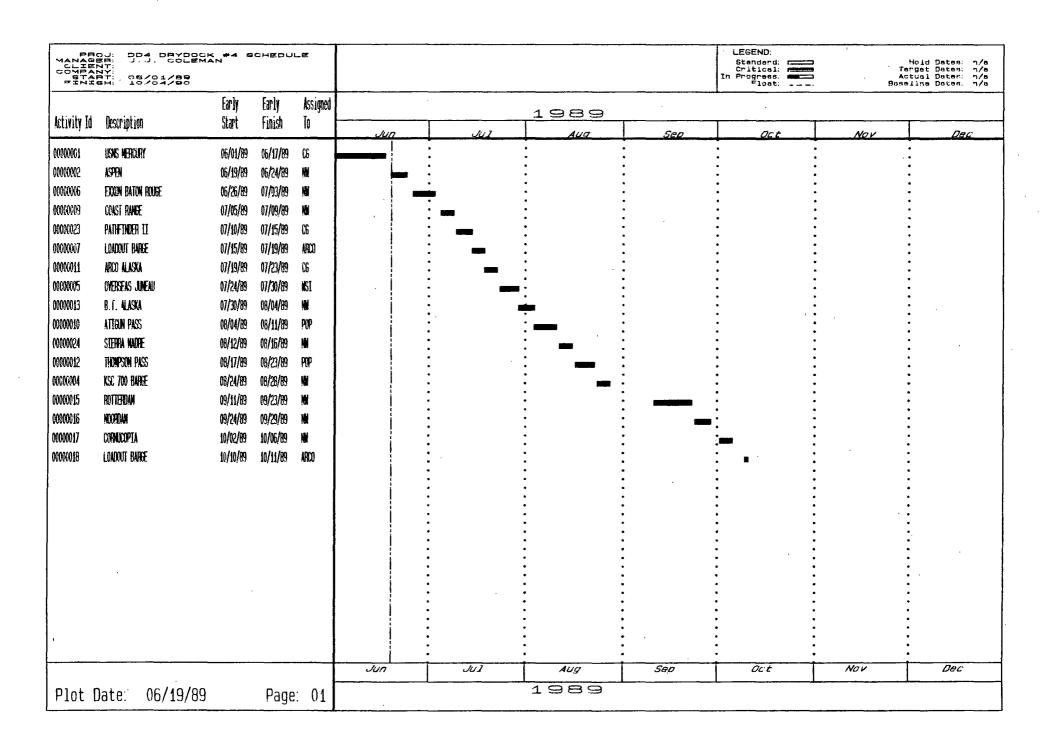
T. Sharp D. Nugent

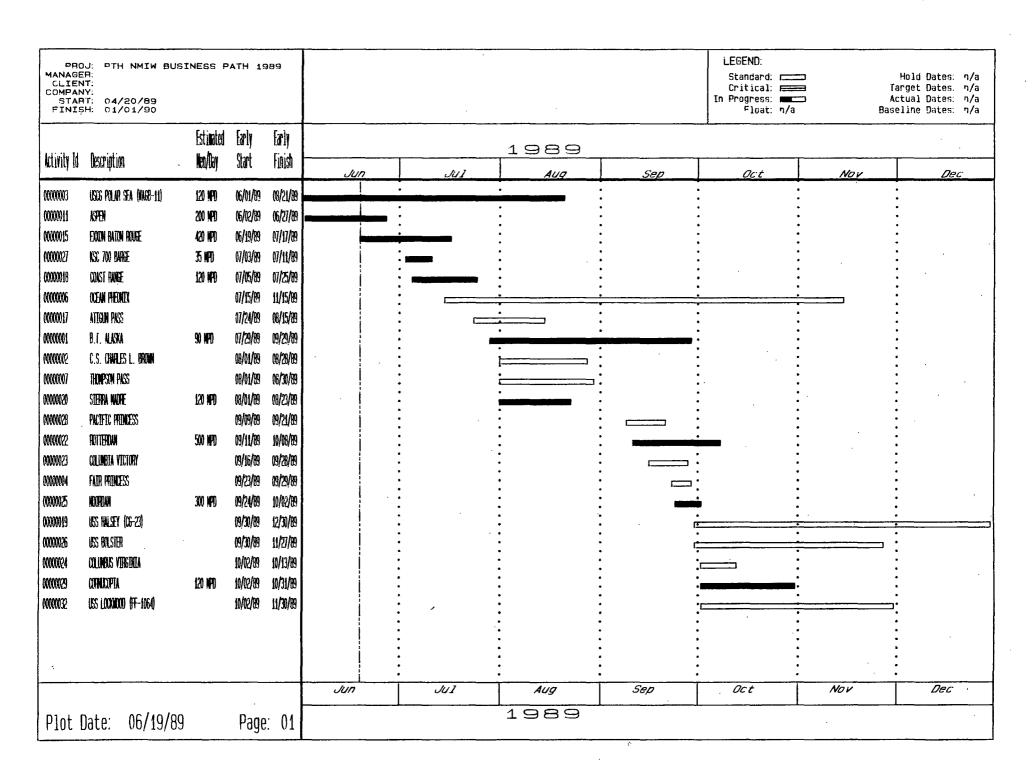
B. Lundmark G. Riddle D. Sheridan

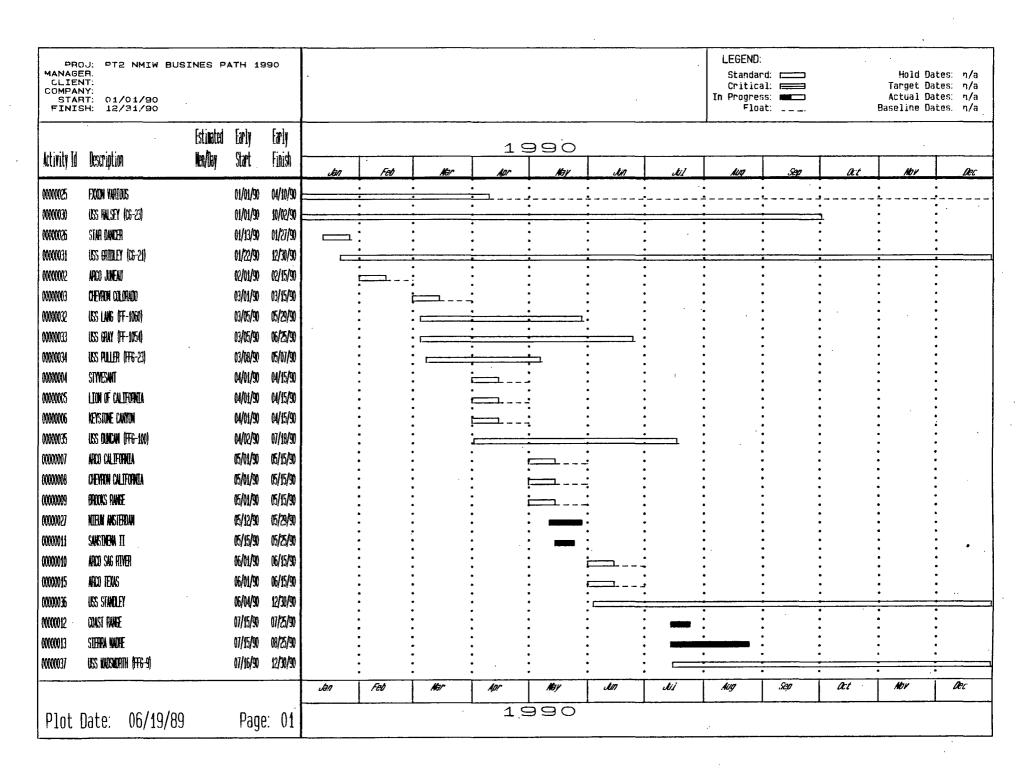
Project Managers



PAGE MANAGE CLIE COMPAN STAF FINIS	9T: 06/01/89	S E# >	CHEDUL	_ E												·					St	GEND: andar itica ogres Floa	d: ⊏ 1: ∈					Targe: Actua	t Date	95. 7/ 96: 7/ 95. 7/ 95: 7/	a a
Activity Id	Description	Early Start	Early Finish	Assigned To	<i>05</i>	JUN 12	<i>89</i>	26	Ø3	10	<u>W1 8</u>	39	34	0/	Aug &	39 4 29	04	<u>Se,</u>	p 89		02 09	Oct 16	89 z	30	06 1	Nov	89 20 2	7 04	<u>De</u>	<u>18</u>	<u></u>
0000001 0000005 0000007 0000009 0000009 0000003	USCG POLAR SEA CHEVRON CHEGON USCG POLAR SEA USCG TRIS PACIFIC PRINCESS FAIR PRINCESS OCEAN PHENIX USS HALSEY (CG-23)	06/01/89 07/22/89 07/29/89 08/19/89 09/09/89 10/09/89 11/11/89	07/21/89 07/28/89 08/19/89 08/29/89 09/21/89 10/23/89 12/30/89	Mil CG Mil Mil Mil Mil Mil Mil Mil Mil Mil Mil																											
Plot (	Date: 06/19/89		Page	: 01	å	ie Jun	<u>is</u> 39	<i>3</i> 5	03	io Ju	i) 11 89	g g	31		ug B	i i i	à	<u>ii</u> Sep	je 189	ž .	2 09	is Oct b	. <del>i</del> 99	30	às /	is Nov 8	<i>ž</i> i <i>ži</i> 79	à	ii Dec	. 18 2 189	<u> </u>





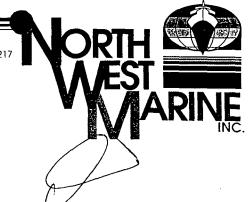


1_i [	Date: 06/19/8	n	Page	· nal				1 ⊆	990							•
	<del></del>	•			JAN	Feb	Mar	Apr	Key	M	Wi	AUG	Sept	act	NOV	Dec
						•	•	•	•	•	•	•	• •	•	•	) 
						• • .	•		•	•	•	•	• •	•	•	•
					,	• •	:		•	• •	•	•	•	•	•	•
						•	•		•	•	•	•	•	•	•	•
						•	•	•		•	•	•	•	•	•	•
					,	•	•	•	•	•	•	•	•	•	•	•
				į		• •	• •	•	•	• •	•	•	•	• •	• •	•
	,					•	•	•		• •	•	•	• •	•	• •	•
						•	·	• .		• •			•	• •	•	: •
0	KEYSTONER		11/01/90	11/15/90		•	:	•	•	•	•	•	•	•	- 	•
•	CHEVRON NESSESSEPPE	1	11/01/90	11/15/90		• •	•	•	•	•	•	•	•	: <del>-</del>		•
1	COUNTE CONTROL		10/01/90 10/15/90	10/15/90 10/25/90		•	•	•	•	• •	•	•	•	<u> </u>	•	• •
7 8	ARCO INDEPENDANCE		10/01/90	10/15/90		•	•	•	•	•	•	•	•	<del></del>	•	•
9	ROTTERDAN		09/28/90	10/07/90		•	•	•	•	•	•	•		<del>.</del>	• •	•
}	ESTERDAM		09/23/90	09/30/90	*	•	•	•	•	•	•	•		• •	•	•
J A	ADORALTY BAY		09/01/90	09/15/90		• •	•	•	•	•	•	•	; 		 • •	:
n 3	PHILADELPHIA SUN Prooklyn		09/01/90 09/01/90	09/15/90 09/15/90		•	•	•	•	• •	·	• •	<u> </u>	•	•	
21 m	OVERSTAS NASHENGTON		09/01/90	09/15/90		•	•	•	,	• •	•	• •	<u> </u>	· •		•
6	NOBIL ARCTIC		09/01/90	09/15/90		•	•	•	•	•	• •	•	:		• •	• •
38	USS PEEVES (CG-24)		08/06/90	12/30/90		•		•		•	•	:		•		•
ty Id	Description	Men/Day	Start	Finish	Jan	Feb	Mar	Agr .	990 Key	An	JU/	AUG	See	at	Mov	
	,	Estimated	Early	Early				4.0				I				
LIEN MPAN STAR	IT:											Critic In Progre	rd:		Hold Da Target Da Actual Da Baseline Da	ites: n
PRO IAGE	US WIMM STO L	JSINES PA	TH 19	90								LEGEND			Motel D-	tar -

NORTHWEST		l!												
	D DECEMBER 31, 1991 PLAN FY 91							INDUIT E	ODECAST	/ACTUAL	e eerti	ON		
PERMITAG	FEAN FI 71	II    Labor H	RS (1 0	00/61				IMPUI F	ORECAST	/ ACTUAL	3 SEC11	UN		TOTA
JOB #	VESSEL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC	FY HOUR
		======	=====	=====	=====	=====	=====	======	======	=====	=====	===== :	=====	======
AWARDED	COMMERCIAL													
4736	TUSTUMENA	    22.0	22.0	34.0	22.0									100.
4923	INDEPENDENCE	45.0												45.
4291	VIKING SERENADE	2.0	3.0	5.0										10.
JNAWARDED	COMMERCIAL					•••••				•••••	••••			
	BT SAN DIEGO	<b> </b>   <b> </b>				22.0	23.0							45.
	MALASPINA	1									11.7	11.7	11.7	35.
	CONSTITUTION	1								45.0				45.
	W. COAST SHIPPING	1				25.0		25.0	25.0	25.0				100.
	TRINIDAD	1					26.7	26.7	26.7					80.
	BRITISH PETRO	1							66.7	66.7	66.7			200.
	ARCO					16.7	23.4							40.
	EXXON	1		20.0	8.3	16.7	13.4	18.3		13.3				90.
	MISC WATERFRONT	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	56.
\WARDED ####	######################################													0.
JNAWARDED				••••							•••••			
	#######################################	į												0.
AWARDED	GOVERNMENT						• • • • • • •	•••••				• • • • • • • •	• • • • • • •	
5004	WILLIAM STANDLEY	66.0	53.0	46.0	20.0	13.0	6.0							204.
JNAWARDED	GOVERNMENT													
	#######################################	1												0.
=======		======			=====	======			======	======			:=====	=======
ACKLOG:		   135	78	85	42	13	6	0	0	0	0	0	0	35
	į	5	5	25	13	85	91	75	123	155	83	16	16	69
	1	140	83	110	55	 98	97	75	123	155	83	16	16	1,05



P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



June 12, 1990

Finn Rorbye Falck Formco Ap.S Ryvangs Alle 44 DK-2900 Hellerup Copenhagen Denmark

Subject:

M/V "MARCHEN MAERSK" (Lindo No. 123)

Dear Finn:

With reference to our recent telephone conversation, attached is Northwest Marine Inc's bid summary dated June 11 for M/V "MARCHEN MAERSK" based on A.P. Moller specification reference Lindo No. 123, dated 23 May 1989.

A time of eight days would be required to complete the work, with four days in drydock.

Please pass this information on to A.P. Moller and, if more details are required, please let me know.

Yours truly,

Quintin Watt

Enclosure: Bid Summary

NORTHWEST MARINE

BID SUMMARY

11-Jun-90

VESSEL

M.V. MARCHEN MAERSK

OWNER:

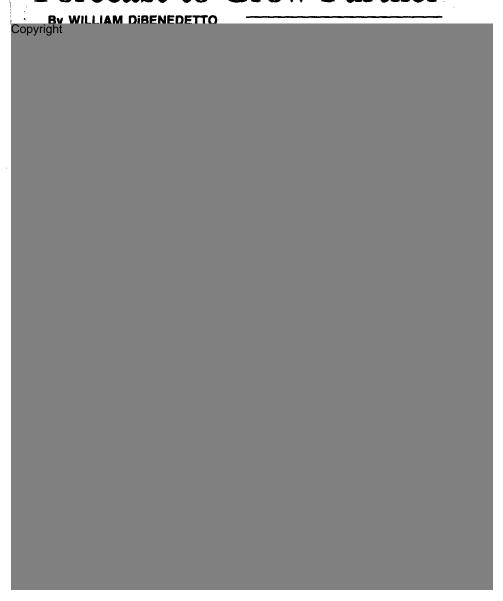
A.F.MOLLER

:	TITLE	PRICE
1	DECK REPAIRS (SERVICES)	152,386
1 2	: :TAILSHAFT	i 63,479 l
; ; 3	:  FIN STABILIZER	19,813     19,813
i   4	: .M.E. AXIAL VIBRATION DAMPER	7,251
5	PAINTING	110,254
!	: TOTAL !	353,183   

	R: A.P.MOLLER		RATE ST RATE OT MARKUP	10.00 0.00%	IRATE ST IRATE OT IMARKUP I	0.00 0.00 0.00%		11-Jun-90
: :ITEM	•	ist Hours	OT HOURS		•		   POP/UF   	•
;   1 !	:DECK REPAIRS (SERVICES)	1032	206	505	25102	90417	3342 i	152,386
1 2	:  TAILSHAFT 	1592	318	1816	7300	0	3423 ¦	63,479 i
1 3	IFIN STABILIZER	569	114	535	0	0	1068 ;	19,813 ¦
<b>.</b> 4	IM.E. AXIAL VIBRATION DAMPER	208	42	200	Û	0	391: l	7,251 :
; 5 ;	:PAINTING	2634	527	2560	13840	3825	5739 I	110,254
   !	: TOTAL	6035	1207	5616	46242	94242	13963	353,183



# Navy Shipbuilding Costs Forecast to Grow Further



MONDAY, SEPTEMBER 14, 1992

## **Cruiser Contract** Sparks Controversy On Yard Competition

## PROPRIETARY AND CONFIDENTIAL INFORMATION. PROPERTY OF NAVATEK SHIPS, LTD.

(b)(4) copyright	

PREPARED BY:

NAVATEK SHIPS , Ltd. 2234 Hoonee Place Honolulu, Hawaii 96819 Tel (808) 848-6437

## PROPRIETARY AND CONFIDENTIAL INFORMATION. PROPERTY OF NAVATEK SHIPS, LTD.

#### NAVATEK SHIPS 22M SWATH SPECIFICATIONS

	•
(b)(4) copyright	

### PROPRIETARY AND CONFIDENTIAL INFORMATION. PROPERTY OF MAVATEK SHIPS. LTD.

	IMARITATE SILL OF THE
(b)(4) copyright	
(-)(-)	

## PROPRIETARY AND CONFIDENTIAL INFORMATION. PROPERTY OF NAVATEK SHIPS, LTD.

NAVATEK SHIPS 22M SWATH SPECIFICATIONS (cont'd)

(b)(4) copyright	

















(Changes Underlined)

THIS AGREEMENT is made on the 28th day of March 1991 between:

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH),

PROF. RICHARD SAPPER, Milan, Italy (SAPPER)

(hereinafter called "the Owners")

and SOUTHWEST MARINE, INC., a California corporation doing business as Northwest Marine (hereinafter "Shipbuilder")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements, plans and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the Intellectual Properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the Intellectual Properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in Portland, Oregon which utilize the Owner's Intellectual Properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in Portland, Oregon using the Owner's Intellectual Properties and seeks to have access to and review of the Intellectual Properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbuilder agree and acknowledge that the Owner's Intellectual Properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the Intellectual Properties, the Owners and the Shipbuilder agree to the following:

1. The Owners agree to provide the Shipbuilder with the Intellectual Properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) Not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the Intellectual Properties obtained as a result of this Agreement to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) Notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the Intellectual Properties may only be imposed by the Owners from time to time;
  - c) To take all reasonable steps and precautions in dealing with the Intellectual Properties provided by the Owner so as to prevent any unauthorized person from having access to such Intellectual Properties.
- 3. The Shipbuilder agrees not to record, copy, transcribe, photograph, photocopy or otherwise in any other way reproduce any of the Intellectual Properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the SWATH vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the Intellectual Properties provided by the Owner pursuant to this Agreement:
- 4. At any time hereafter, if the Owners shall, at its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all Intellectual Properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilders in which the shipbuilder is found to have materially breached the provisions of this Agreement.
- 7. No license or conveyance of any rights to either party is granted or implied by the disclosure of Owner's Intellectual Properties except as provided herein. In the event Shipbuilder determines that it is within its capabilities to construct the SWATH vessel and Owner desires to contract with Shipbuilder to do so, award of a construction contract will be contingent upon the parties entering into a license agreement permitting Shipbuilder to utilize the Owner's Intellectual Properties for construction of the SWATH vessel.

- 8. Notwithstanding that this Agreement shall have been terminated or shall expire, Shipbuilder shall keep in confidence, not use for its own benefit and prevent the disclosure to any person, firm or corporation or persons outside its organization, all Intellectual Properties, which are received by Shipbuilder pursuant to this Agreement, provided, however, that Shipbuilder shall not be liable for disclosure or use of any Intellectual Properties in any case where:
  - a) It was in the public domain at the time it was disclosed or falls within the public domain, except through a breach of this Agreement; or
  - b) It was known to Shipbuilder or its associated companies at the time of disclosure; or
  - c) It was disclosed after written approval of Owner; or
  - d) It becomes known to Shipbuilder or its associated companies from a source other than Owner without breach of this Agreement by Shipbuilder; or
  - e) It was independently developed by Shipbuilder; or its associated companies without the benefit of Intellectual Properties received from Owner; or
  - f) Three (3) years have passed from the date of this Agreement;
  - g) It was inadvertently or accidently disclosed despite the exercise of the same degree of care as Shipbuilder takes to protect its own proprietary data.

- 9. All proprietary information which Shipbuilder shall be obligated to safeguard and not disclose under the provisions of their Agreement shall be labeled "Confidential Intellectual Property" by Owner prior to delivery to Shipbuilder.
- 10. It is the express intention of the Owner and the Shipbuilder that this Agreement is to be governed by the laws of Hawaii.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement.

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION	SOUTHWEST MARINE, INC. dba NORTHWEST MARINE
By: Steven C.H. Loui Its President	By:
Prof. RICHARD SAPPER	
Ву:	
FRATELLI COSULICH S.P.A.	
By:  Its Managing Director	



April 4, 1991

Andrea B. Cosulich F.M. Fratelli Cosulich Via Venti Settembre 41 Genova, Italy

To whom it may concern:

We are prepared to submit a proper competitive bid with relevant documentation to you by May 31, 1991. We have the capability of building a SWATH vessel within a reasonable period of time. Our Company's complement of personnel averages between 4,000 and 5,000 people. We were active in the construction and outfitting of NAVATECH I. Our credentials will withstand any degree of scrutiny.

I am enclosing for your use a signed non-disclosure agreement from our Company to you. We have made certain changes to your agreement which make it more workable to us. We do not believe that it in any way detracts from the intent of your proposal. For your convenience I am enclosing an underlined copy of the document showing the additions and changes we made. In order to expedite approval by your company, I am taking the liberty of sending a copy of this correspondence to Steven Loui.

I look forward to your return information at your earliest convenience.

Yours very truly

William H. Zavin, II

Senior Vice President

**Commercial Contracting Activities** 

WHZ/rep

cc:

Herb Engel Bill Johnston

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

(Changes Underlined)

THIS AGREEMENT is made on the 28th day of March 1991 between:

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH),

PROF. RICHARD SAPPER, Milan, Italy (SAPPER)

(hereinafter called "the Owners")

and SOUTHWEST MARINE, INC., a California corporation doing business as Northwest Marine (hereinafter "Shipbuilder")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements, plans and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the Intellectual Properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the Intellectual Properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in Portland, Oregon which utilize the Owner's Intellectual Properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in Portland, Oregon using the Owner's Intellectual Properties and seeks to have access to and review of the Intellectual Properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbuilder agree and acknowledge that the Owner's Intellectual Properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the Intellectual Properties, the Owners and the Shipbuilder agree to the following:

1. The Owners agree to provide the Shipbuilder with the Intellectual Properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) Not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the Intellectual Properties obtained as a result of this Agreement to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) Notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the Intellectual Properties may only be imposed by the Owners from time to time;
  - c) To take all reasonable steps and precautions in dealing with the Intellectual Properties provided by the Owner so as to prevent any unauthorized person from having access to such Intellectual Properties.
- 3. The Shipbuilder agrees not to record, copy, transcribe, photograph, photocopy or otherwise in any other way reproduce any of the Intellectual Properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the SWATH vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the Intellectual Properties provided by the Owner pursuant to this Agreement:
- 4. At any time hereafter, if the Owners shall, at its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all Intellectual Properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilders in which the shipbuilder is found to have materially breached the provisions of this Agreement.
- 7. No license or conveyance of any rights to either party is granted or implied by the disclosure of Owner's Intellectual Properties except as provided herein. In the event Shipbuilder determines that it is within its capabilities to construct the SWATH vessel and Owner desires to contract with Shipbuilder to do so, award of a construction contract will be contingent upon the parties entering into a license agreement permitting Shipbuilder to utilize the Owner's Intellectual Properties for construction of the SWATH vessel.

- 8. Notwithstanding that this Agreement shall have been terminated or shall expire, Shipbuilder shall keep in confidence, not use for its own benefit and prevent the disclosure to any person, firm or corporation or persons outside its organization, all Intellectual Properties, which are received by Shipbuilder pursuant to this Agreement, provided, however, that Shipbuilder shall not be liable for disclosure or use of any Intellectual Properties in any case where:
  - a) It was in the public domain at the time it was disclosed or falls within the public domain, except through a breach of this Agreement; or
  - b) It was known to Shipbuilder or its associated companies at the time of disclosure; or
  - c) It was disclosed after written approval of Owner; or
  - d) It becomes known to Shipbuilder or its associated companies from a source other than Owner without breach of this Agreement by Shipbuilder; or
  - e) It was independently developed by Shipbuilder; or its associated companies without the benefit of Intellectual Properties received from Owner; or
  - f) Three (3) years have passed from the date of this Agreement;
  - g) It was inadvertently or accidently disclosed despite the exercise of the same degree of care as Shipbuilder takes to protect its own proprietary data.

- 9. All proprietary information which Shipbuilder shall be obligated to safeguard and not disclose under the provisions of their Agreement shall be labeled "Confidential Intellectual Property" by Owner prior to delivery to Shipbuilder.
- 10. It is the express intention of the Owner and the Shipbuilder that this Agreement is to be governed by the laws of Hawaii.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement.

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION	SOUTHWEST MARINE, INC. dba NORTHWEST MARINE
By:Steven C.H. Loui Its President	By:
Prof. RICHARD SAPPER	
Ву:	
FRATELLI COSULICH S.P.A.	
By: Its Managing Director	

THIS AGREEMENT is made on the 28th day of March 1991 between:

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH),

PROF. RICHARD SAPPER, Milan, Italy (SAPPER)

(hereinafter called "the Owners")

and SOUTHWEST MARINE, INC., a California corporation doing business as Northwest Marine (hereinafter "Shipbuilder")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements, plans and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the Intellectual Properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the Intellectual Properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in Portland, Oregon which utilize the Owner's Intellectual Properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in Portland, Oregon using the Owner's Intellectual Properties and seeks to have access to and review of the Intellectual Properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbuilder agree and acknowledge that the Owner's Intellectual Properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the Intellectual Properties, the Owners and the Shipbuilder agree to the following:

1. The Owners agree to provide the Shipbuilder with the Intellectual Properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

NWMAR135630

- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) Not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the Intellectual Properties obtained as a result of this Agreement to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) Notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the Intellectual Properties may only be imposed by the Owners from time to time;
  - c) To take all reasonable steps and precautions in dealing with the Intellectual Properties provided by the Owner so as to prevent any unauthorized person from having access to such Intellectual Properties.
- 3. The Shipbuilder agrees not to record, copy, transcribe, photograph, photocopy or otherwise in any other way reproduce any of the Intellectual Properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the SWATH vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the Intellectual Properties provided by the Owner pursuant to this Agreement:
- 4. At any time hereafter, if the Owners shall, at its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all Intellectual Properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilders in which the Shipbuilder is found to have materially breached the provisions of this Agreement.
- 7. No license or conveyance of any rights to either party is granted or implied by the disclosure of Owner's Intellectual Properties except as provided herein. In the event Shipbuilder determines that it is within its capabilities to construct the SWATH vessel and Owner desires to contract with Shipbuilder to do so, award of a construction contract will be contingent upon the parties entering into a license agreement permitting Shipbuilder to utilize the Owner's Intellectual Properties for construction of the SWATH vessel.

- 8. Notwithstanding that this Agreement shall have been terminated or shall expire, Shipbuilder shall keep in confidence, not use for its own benefit and prevent the disclosure to any person, firm or corporation or persons outside its organization, all Intellectual Properties, which are received by Shipbuilder pursuant to this Agreement, provided, however, that Shipbuilder shall not be liable for disclosure or use of any Intellectual Properties in any case where:
  - a) It was in the public domain at the time it was disclosed or falls within the public domain, except through a breach of this Agreement; or
  - b) It was known to Shipbuilder or its associated companies at the time of disclosure; or
  - c) It was disclosed after written approval of Owner; or
  - d) It becomes known to Shipbuilder or its associated companies from a source other than Owner without breach of this Agreement by Shipbuilder; or
  - e) It was independently developed by Shipbuilder; or its associated companies without the benefit of Intellectual Properties received from Owner; or
  - f) Three (3) years have passed from the date of this Agreement;
  - g) It was inadvertently or accidently disclosed despite the exercise of the same degree of care as Shipbuilder takes to protect its own proprietary data.

- All proprietary information which Shipbuilder shall be obligated to safeguard and not disclose under the provisions of their Agreement shall be labeled "Confidential Intellectual Property" by Owner prior to delivery to Shipbuilder.
- 10. It is the express intention of the Owner and the Shipbuilder that this Agreement is to be governed by the laws of Hawaii.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement.

Its Managing Director

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION	SOUTHWEST MARINE, INC. dba
By: Steven C.H. Loui Its President	William M. Johnston  Its fice Messon
Prof. RICHARD SAPPER	
Ву:	
FRATELLI COSULICH S.P.A.	
By:	



April 4, 1991

Andrea B. Cosulich F.M. Fratelli Cosulich Via Venti Settembre 41 Genova, Italy

To whom it may concern:

We are prepared to submit a proper competitive bid with relevant documentation to you by May 31, 1991. We have the capability of building a SWATH vessel within a reasonable period of time. Our Company's complement of personnel averages between 4,000 and 5,000 people. We were active in the construction and outfitting of NAVATECH I. Our credentials will withstand any degree of scrutiny.

I am enclosing for your use a signed non-disclosure agreement from our Company to you. We have made certain changes to your agreement which make it more workable to us. We do not believe that it in any way detracts from the intent of your proposal. For your convenience I am enclosing an underlined copy of the document showing the additions and changes we made. In order to expedite approval by your company, I am taking the liberty of sending a copy of this correspondence to Steven Loui.

I look forward to your return information at your earliest convenience.

Yours very truly

William H. Zavin, II

Senior Vice President

**Commercial Contracting Activities** 

WHZ/rep

cc:

Herb Engel Bill Johnston

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON

(Changes Underlined)

THIS AGREEMENT is made on the 28th day of March 1991 between:

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH),

PROF. RICHARD SAPPER, Milan, Italy (SAPPER)

(hereinafter called "the Owners")

and SOUTHWEST MARINE, INC., a California corporation doing business as Northwest Marine (hereinafter "Shipbuilder")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements, plans and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the Intellectual Properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the Intellectual Properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in Portland, Oregon which utilize the Owner's Intellectual Properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in Portland, Oregon using the Owner's Intellectual Properties and seeks to have access to and review of the Intellectual Properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbuilder agree and acknowledge that the Owner's Intellectual Properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the Intellectual Properties, the Owners and the Shipbuilder agree to the following:

1. The Owners agree to provide the Shipbuilder with the Intellectual Properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) Not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the Intellectual Properties obtained as a result of this Agreement to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) Notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the Intellectual Properties may only be imposed by the Owners from time to time;
  - c) To take all reasonable steps and precautions in dealing with the Intellectual Properties provided by the Owner so as to prevent any unauthorized person from having access to such Intellectual Properties.
- 3. The Shipbuilder agrees not to record, copy, transcribe, photograph, photocopy or otherwise in any other way reproduce any of the Intellectual Properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the SWATH vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the Intellectual Properties provided by the Owner pursuant to this Agreement:
- 4. At any time hereafter, if the Owners shall, at its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all Intellectual Properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilders in which the shipbuilder is found to have materially breached the provisions of this Agreement.
- 7. No license or conveyance of any rights to either party is granted or implied by the disclosure of Owner's Intellectual Properties except as provided herein. In the event Shipbuilder determines that it is within its capabilities to construct the SWATH vessel and Owner desires to contract with Shipbuilder to do so, award of a construction contract will be contingent upon the parties entering into a license agreement permitting Shipbuilder to utilize the Owner's Intellectual Properties for construction of the SWATH vessel.

- 8. Notwithstanding that this Agreement shall have been terminated or shall expire, Shipbuilder shall keep in confidence, not use for its own benefit and prevent the disclosure to any person, firm or corporation or persons outside its organization, all Intellectual Properties, which are received by Shipbuilder pursuant to this Agreement, provided, however, that Shipbuilder shall not be liable for disclosure or use of any Intellectual Properties in any case where:
  - a) It was in the public domain at the time it was disclosed or falls within the public domain, except through a breach of this Agreement; or
  - b) It was known to Shipbuilder or its associated companies at the time of disclosure; or
  - c) It was disclosed after written approval of Owner; or
  - d) It becomes known to Shipbuilder or its associated companies from a source other than Owner without breach of this Agreement by Shipbuilder; or
  - e) It was independently developed by Shipbuilder; or its associated companies without the benefit of Intellectual Properties received from Owner; or
  - f) Three (3) years have passed from the date of this Agreement;
  - g) It was inadvertently or accidently disclosed despite the exercise of the same degree of care as Shipbuilder takes to protect its own proprietary data.

- 9. All proprietary information which Shipbuilder shall be obligated to safeguard and not disclose under the provisions of their Agreement shall be labeled "Confidential Intellectual Property" by Owner prior to delivery to Shipbuilder.
- 10. It is the express intention of the Owner and the Shipbuilder that this Agreement is to be governed by the laws of Hawaii.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement.

SCIENCE CORPORATION	NORTHWEST MARINE, INC. dba
By:	By:
Prof. RICHARD SAPPER	~
Ву:	
FRATELLI COSULICH S.P.A.	
By:	

THIS AGREEMENT is made on the 28th day of March 1991 between:

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH),

PROF. RICHARD SAPPER, Milan, Italy (SAPPER)

(hereinafter called "the Owners")

and SOUTHWEST MARINE, INC., a California corporation doing business as Northwest Marine (hereinafter "Shipbuilder")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements, plans and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the Intellectual Properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the Intellectual Properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in Portland, Oregon which utilize the Owner's Intellectual Properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in Portland, Oregon using the Owner's Intellectual Properties and seeks to have access to and review of the Intellectual Properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbuilder agree and acknowledge that the Owner's Intellectual Properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the Intellectual Properties, the Owners and the Shipbuilder agree to the following:

1. The Owners agree to provide the Shipbuilder with the Intellectual Properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) Not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the Intellectual Properties obtained as a result of this Agreement to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) Notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the Intellectual Properties may only be imposed by the Owners from time to time;
  - c) To take all reasonable steps and precautions in dealing with the Intellectual Properties provided by the Owner so as to prevent any unauthorized person from having access to such Intellectual Properties.
- 3. The Shipbuilder agrees not to record, copy, transcribe, photograph, photocopy or otherwise in any other way reproduce any of the Intellectual Properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the SWATH vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the Intellectual Properties provided by the Owner pursuant to this Agreement:
- 4. At any time hereafter, if the Owners shall, at its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all Intellectual Properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilders in which the Shipbuilder is found to have materially breached the provisions of this Agreement.
- 7. No license or conveyance of any rights to either party is granted or implied by the disclosure of Owner's Intellectual Properties except as provided herein. In the event Shipbuilder determines that it is within its capabilities to construct the SWATH vessel and Owner desires to contract with Shipbuilder to do so, award of a construction contract will be contingent upon the parties entering into a license agreement permitting Shipbuilder to utilize the Owner's Intellectual Properties for construction of the SWATH vessel.

- 8. Notwithstanding that this Agreement shall have been terminated or shall expire, Shipbuilder shall keep in confidence, not use for its own benefit and prevent the disclosure to any person, firm or corporation or persons outside its organization, all Intellectual Properties, which are received by Shipbuilder pursuant to this Agreement, provided, however, that Shipbuilder shall not be liable for disclosure or use of any Intellectual Properties in any case where:
  - a) It was in the public domain at the time it was disclosed or falls within the public domain, except through a breach of this Agreement; or
  - b) It was known to Shipbuilder or its associated companies at the time of disclosure; or
  - c) It was disclosed after written approval of Owner; or
  - d) It becomes known to Shipbuilder or its associated companies from a source other than Owner without breach of this Agreement by Shipbuilder; or
  - e) It was independently developed by Shipbuilder; or its associated companies without the benefit of Intellectual Properties received from Owner; or
  - f) Three (3) years have passed from the date of this Agreement;
  - g) It was inadvertently or accidently disclosed despite the exercise of the same degree of care as Shipbuilder takes to protect its own proprietary data.

- 9. All proprietary information which Shipbuilder shall be obligated to safeguard and not disclose under the provisions of their Agreement shall be labeled "Confidential Intellectual Property" by Owner prior to delivery to Shipbuilder.
- 10. It is the express intention of the Owner and the Shipbuilder that this Agreement is to be governed by the laws of Hawaii.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement.

Its Managing Director

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION  By:  Steven C.H. Loui Its President	SOUTHWEST MARINE, INC. dba NORTHWEST MARINE  By: Milliam M. Johnston Its fice Message
Prof. RICHARD SAPPER	
Ву:	
FRATELLI COSULICH S.P.A.	
By:	

ACRUA IELECUPIER 450 , 4- 4- 9:00 AM APR 04 '91 11:02AM SOUTHWEST MARINE SAN DIEGO

P.2/5

(2) -619-738. 8139

REF:

9409613A011

MON 25 MAR 91 10:29 GMT

CULTI 63

FROM:

FRATELLI COSULICH SPA. GENOVA

FAX: (39) 010 532805

TO:

SOUTHWEST MARINE ATTN GENERAL MNGR

MSG 487 25-MAR-1991

FM FRATELLI COSULICH GENOVA, ITALY VIA VENTI SETTEMBRE 41 PHONE 10 53951 TLX 270086 FAX 532805

RE: SWATH 574 CASINO SHIP

GENTLEMEN,

THIS IS TO INFORM YOU THAT WE HAVE COMPLETED A CONCEPT DESIGN FOR A DINNER/EXCURSION/CASINO SWATH TO BE EMPLOYED FOR SHORT INTERNATIONAL VOYAGES. MAINFOLROWSULARS AR

LENGHT OVERALL BREADHT MOULDED ABT. 74 METRES ABT. 27 METRES

WATERTIGHT BULKHEADS 10

NO. OF DECKS

DRAFT FULLY LOADED

ABT. 5 METRES

SPEED

ABT. 19 KNOTS

PROPULSION

TWO DIESEL ENGINES, TOTAL 5520 KW.

THREE GENERATORS

TOTAL 4140 KW.

DAY CRUISES, 800 PASSENGERS

CREW

ABT. 150 ABT. 15

PASSENGER CABINS CREW CABINS

ABT. 10

LIGHTSHIP

ABT 1150 MT.

FULLY AIR CONDITIONED BY CENTRALIZED SYSTEM

SPECIFICATION (ABOUT 230 PAGES), GENERAL ARRANGEMENT PLAN (7 DRAWINGS), STRUCTURAL ARRANGEMENT DRAWINGS (14 DRAWINGS) WERE PREPARED BY PAMESCO INC., HONOLULU, PROF. SAPPER, MR. PUCCIO AND FRATELLI COSULICE. ABOVE DOCUMENTS COULD BE SENT TO YOUR ADDRESS BY COURIER NEXT WEEK IF YOUR COMPANY WOULD DECLARE:

- 1. CAPABILITY OF BUILDING VESSEL WITHIN REASONABLE TIME
- 2. WILLINGNESS TO SIGN A NON DISCLOSURE AGREEMENT (SEE BELOW)
- 3. ABILITY TO SUBMITT BIDS IN SUCH WAY THAT RELEVANT DOCUMENTATION WOULD BE DELIVERED TO FRATELLI COSULICH, GENOVA, BY MAY 31ST, 1991.

IN THE AFFERMATIVE, PLEASE RETURN COMPLETED AND SIGNED AGREEMENT BY COURIER BY APRIL 5TH, 1991. BEST REGARDS

ANDREA B.COSULICH

# ONEFA 2519 238 8139

UUIII U

# NON DISCLOSURE AGREEMENT

THIS AGREEMENT is made on the 28th day of March 1991 between
- PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),
- FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH)
- prof. RICHARD SAPPER, Milan Italy (SAPPER)
(hereinafter called "THE OWNERS")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements plans, and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the intellectual properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the intellectual properties and to commercialize the intellectual properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in ........................ which utilizes the Owner's intellectual properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in ...... using the Owners' intellectual properties and seeks to have access to and review of the intellectual properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbulder agree and acknowledge that the Owner's intellectual properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

ONEF. > 6

NOW IT IS HEREBY AGREED AS FOLLOWS:

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the intellectual properties, the Owners and the Shipbuilder agree to the following:

- The Owners agree to provide the Shipbuilder with the intellectual properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.
- The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the intellectual properties obtained as a result of this Agreements to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the intellectual properties may only be made to the Shipbuilder's employees upon such terms and conditions as may be imposed by the Owners from time to time;
  - c) to take all reasonable steps and precautions in dealing with the intellectual properties provided by the Owner so as to prevent any unauthorised person from having access to such intellectual properties.
- The Shipbuilder agrees not to record, copy transcribe, photograph, photocopy or otherwise in any other way reproduce any of the intellectual properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the vessel desired by the Owner. The Shipbuilder agrees that the terms of this Ageement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the intellectual properties provided by the Owner pursuant to this Agreement;

ONTEA 238 8139

COLLE US 7

- At any time hereafter, if the Owners shall, in its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the 'Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all intellectual properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against the Shipbuilder pertaining to this Agreement.
- 7. In the event that the Shipbuilder decides that it is possible to construct the SWATH vessel, the Owner and the Shipbuilder agree that they shall be bound by the terms and conditions of a License Agreement.
- 8. It is the express intention of the Owner and the Shipbuilder that this Agreement to be governed by the laws of Hawaii.

IN WITNESS THEREOF, the parties have set their hands to this Agreement.

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION	(Shipbuilder)
by, Steven C.H. Loui	by
Its: President	Its:
Prof. RICHARD SAPPER	

FRATELLI COSULICH S.P.A.

OMEENX > 619 238 HIJ2

-P.2/5 · · · --

ম

REF:

94096134011

MON 25 MAR 91 10:29 GMT

CUIII US

FROM:

FRATELLI COSULICE SPA. GENOVA

FAX: (39) 010 532805

TOI

SOUTHWEST MARINE ATTN GENERAL MNGR

MSG 4B7

25-MAR-1991

FM FRATELLI COSULICH GENOVA, ITALY VIA VENTI SETTEMBRE 41 PHONE 10 53951 TLX 270086 FAX 532805

REI SWATH 574 CASING SHIP

CENTLEMEN, THIS IS TO INFORM YOU THAT WE HAVE COMPLETED A CONCEPT DESIGN FOR A DINNER/EXCURSION/CASINO SWATH TO BE EMPLOYED FOR SEORT INTERNATIONAL VOYAGES. MAENFOLETUREFLARS AR

LENGHT OVERALL

ABT. 74 METRES

BREADHT MOULDED

ABT. 27 METRES

WATERTIGHT BULKHEADS

10

NO. OF DECKS

ABT. 5 METRES

SPEED

ABT. 18 KNOTS

PROPULSION

TWO DIESEL ENGINES, TOTAL 5520 KW.

THREE GENERATORS DAY CRUISES, 800 PASSENGERS

DRAFT FULLY LOADED

TOTAL 4140 KW.

CREW

ABT. 150

PASSENGER CABINS

ABT. 15

CREW CABINS

ABT. 10

LIGHTSHIP

ABT 1150 MT.

FULLY AIR CONDITIONED BY CENTRALIZED SYSTEM

SPECIFICATION (ABOUT 230 PAGES), GENERAL ARRANGEMENT PLAN (7 DRAWINGS), STRUCTURAL ARRANGEMENT DRAWINGS (14 DRAWINGS) WERE PREPARED BY PAMESCO INC., BONGLULU, PROF. SAPPER, MR. PUCCIO AND FRATELLI COSULICE. ABOVE DOCUMENTS GOULD BE SENT TO YOUR ADDRESS BY COURIER NEXT WEEK IF YOUR COMPANY WOULD DECLARE!

- 1. CAPABILITY OF BUILDING VESSEL WITHIN REASONABLE TIME
- 2. WILLINGNESS TO SIGN A NON DISCLOSURE AGREEMENT (SEE BELOW)
- 3. ABILITY TO SUBMITT BIDS IN SUCH WAY TRAT RELEVANT DOCUMENTATION WOULD BE DELIVERED TO FRATELLI COSULICH, GENOVA, BY MAY 31ST, 1991.

IN THE AFFERMATIVE, PLEASE RETURN COMPLETED AND SIGNED AGREEMENT BY COURIER BY APRIL 5TH, 1991, BEST REGARDS ANDREA B. COSULICH

Page 1, decoment contenues

U-LI-DIS SIZU PMS

ONEFAX 5 619 238 8139

#### NON DISCLOSURE AGREEMENT **德国张门之—西班妻太祖等京居在出口,——为是**

THIS AGREEMENT is made on the 28th day of Narch 1991 between - PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America

(PAMESCO), - FRATELLI COSULICE S.P.A., a corporation incorporated in

Trieste, Italy (COSULICH) - prof. RICHARD SAPPER, Milan Italy (SAPPER) (hereinafter called "THE OWNERS")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements plans, and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH versel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called 'the intellectual properties");

WHEREAS, the Owners are desirous of having the SWATE vessel constructed using the intellectual properties and to commercialize the intellectual properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in ...., ...., ..., which utilizes the Owner's intellectual properties;

WREREAS, the Shipbuilder is desirous of obtaining a nonexclusive right to construct the SWATH vessel in ...... using the Owners' intellectual properties and seeks to have access to and review of the intellectual properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbulder agree and acknowledge that the Owner's intellectual properties portaining to the SWATE vessel are of a highly confidential sensitive nature.

Fage 3, document continues ...



In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the intellectual properties, the Owners and the Shipbuilder agree to the following:

- 1. The Owners agree to provide the Shipbuilder with the intellectual properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.
- 2. The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) not without the prior consent in writing of the Owners to disclose or parmit disclosure of any of the intellectual properties obtained as a result of this Agreemants to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the Vessel;
  - b) notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the intellectual properties may only be made to the Shipbuilder's employees upon such terms and conditions as may be imposed by the Owners from time to time;
  - c) to take all reasonable stops and procesutions in dealing with the intellectual properties provided by the Owner so as to prevent any unauthorised person from having access to such intellectual properties.
- The Shipbuilder agrees not to record, copy transcribe, photograph, photocopy or otherwise in any other way reproduce any of the intellectual properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the vessel desired by the Owner. The Shipbuilder agrees that the terms of this Agreement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the intellectual properties provided by the Owner pursuant to this Agreement:

Page, 47 document continues ...

0-21-31, 0.41 FM;

ONEFAX \$ 619 239 8139

- 4, At any time hereafter, if the Owners shall, in its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all intellectual properties and any and all copies thereof, Within fifteen (15) days from the data of receipt of Written notice from the Owner demanding the return of the same.
- 5 . Any notice required under this Agresment shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage propaid.
- The Shipbuilder further agrees to indomnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against 6. the Shipbuilder pertaining to this Agreement.
- 7. In the event that the Shipbuilder decides that it is possible to construct the SWATE vessel, the Owner and the Shipbuilder agree that they shall be bound by the terms and conditions of a License Agreement,
- It is the express intention of the Owner and the 8. Shipbuilder that this Agreement to be governed by the laws of Eawaii.

IN WITNESS TREEEOF, the parties have set their hands to this Agreement.

PACIFIC MARINE ENGINEERING SCIENCE CORPORATION	(Shipbuilder)
by, C.H. Loui	ъу,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Its: President	Its:
Prof. RICHARD SAPPER	

FRATELLI COSULICE S.P.A.

Its: Managing Director

Pair 5 Aggument containes

### COMMAND

NORMARINE FTL

EASYLINK 5245229C001 27MAR91 04:32/06:19 EST 19104646107 VIA:

Tn: 62114771

NORMARINE PTL

NORMARINE PTL

270086 COS GE I 27 MAR 91 09:23 GMT TO: NORTHWEST MARINE INC. J.COLEMAN

MSG 497

27-MAR-1991

FM FRATELLI COSULICH GENOVA, ITALY VIA VENTI SETTEMBŔE 41 PHONE 10 53951 TLX 270086 FAX 532805

RE: SWATH SZ4 CASINO SHIP

GENTLEMEN, THIS IS TO INFORM YOU THAT WE HAVE COMPLETED A CONCEPT DESIGN FOR A DINNER/EXCURSION/CASINO SWATH TO BE EMPLOYED FOR SHORT INTERNATIONAL VOYAGES. MAIN PARTICULARS ARE AS FOLLOWS:

ABT. 74 METRES ABT. 27 METRES LENGHT OVERALL BREADHT MOULDED

WATERTIGHT BULKHEADS 10 NO. OF DECKS 5

ABT. 5 METRES ABT. 19 KNOTS DRAFT FÜLLY LOADED SPEED

PROPULSION TWO DIESEL ENGINES, TOTAL 5520 KW.

THREE GENERATORS TOTAL 4140 KW.

DAY CRUISES, 800 PASSENGERS ABT. 150 CREW

ABT, 15 ABT, 10 ABT 1150 MT. PASSENGER CABINS CREW CABINS LIGHTSHIP

FULLY AIR CONDITIONED BY CENTRALIZED SYSTEM-SPECIFICATION (ABOUT 230 PAGES), GENERAL ARRANGEMENT PLAN (7 DRAWINGS), STRUCTURAL ARRANGEMENT DRAWINGS (14 DRAWINGS) WERE PREPARED BY PAMESCO INC.. HONOLULU. PROF. SAPPER, MR. PUCCIO AND FRATELLI COSULICH. ABOVE DOCUMENTS COULD BE SENT TO YOUR ADDRESS BY COURTER NEXT WEEK IF YOUR COMPANY WOULD DECLARE:

- 1. CAPARILITY OF BUILDING VESSEL WITHIN REASONABLE TIME
- 2. WILLINGNESS TO SIGN A NON DISCLOSURE AGREEMENT (SEE BELOW)
- 3. ABILITY TO SUBMITE BIDS IN SUCH WAY THAT RELEVANT DOCUMENTATION WOULD BE DELIVERED TO FRATELLI COSULICH, GENOVA, BY MAY 31ST, 1991.

IN THE AFFERMATIVE, PLEASE RETURN COMPLETED AND SIGNED AGREEMENT BY COURIER BY APRIL 5TH, 1991. BEST REGARDS ANDREA B.COSULICH

# NON DISCLOSURE AGREEMENT

THIS AGREEMENT IS MADE ON THE 28TH DAY OF MARCH 1991 BETWEEN
- PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, A CORPORATION
INCORPORATED IN THE STATE OF HAWAII, UNITED STATES OF AMERICA
(PAMESCO),

- FRATELLI COSULICH S.P.A., A CORPORATION INCORPORATED IN TRIESTE, ITALY (COSULICH)
- PROF. RÍCHARD SAPPER, MILAN ITALY (SAPPER) (HEREINAFTER CALLED 'THE OWNERS') AND

WHEREAS, THE OWNERS ARE THE OWNERS OF THE COPYRIGHT OF THE STRUCTURAL DRAWINGS, SPECIFICATIONS, GENERAL ARRANGEMENTS PLANS, AND ANY OTHER DOCUMENTS RELATING TO A SMALL WATER PLANE AREA TWIN HULL'VESSEL (HEREINAFTER CALLED 'THE SWATH VESSEL') AND ALSO PAMESCO IS THE OWNER OF THE UNITED STATES OF AMERICA PATENT OF SOME OF THE KNOWLEDGE AND KNOW-HOW PERTAINING TO THE SWATH VESSEL, DESIGNS AND CONSTRUCTION, AND POSSESSES OTHER CONFIDENTIAL INFORMATION RELATING TO THE SWATH VESSEL (SUCH PROPERTIES OF THE OWNERS SHALL HEREINAFTER COLLECTIVELY BE CALLED 'THE INTELLECTUAL PROPERTIES')/

WHEREAS, THE SHIPBUILDER IS DESIROUS OF OBTAINING A NON-EXCLUSIVE RIGHT TO CONSTRUCT THE SWATH VESSEL IN ,.... ... USING THE DWNERS' INTELLECTUAL PROPERTIES AND SEEKS TO HAVE ACCESS TO AND REVIEW OF THE INTELLECTUAL PROPERTIES TO EVALUATE THE POSSIBLE CONSTRUCTION OF THE VESSEL/

WHEREAS, THE OWNERS AND SHIPBULDER AGREE AND ACKNOWLEDGE THAT THE OWNER'S INTELLECTUAL PROPERTIES PERTAINING TO THE SWATH VESSEL ARE OF A HIGHLY CONFIDEN L SENSITIVE NATURE.

IN PURSUANCE OF AFORESAID AND IN CONSIDE TION OF THE THE INTELLECTUAL PROPERTIES, THE OWNERS AND THE SHIPBUILDER AGREE TO THE FOLLOWING:

- THE OWNERS AGREE TO PROVIDE THE SHIPBUTLDER WITH THE INTELLECTUAL PROPERTIES REASONABLY REQUIRED BY THE SHIPBUILDER IN ITS EVALUATION OF THE POSSIBLE CONSTRUCTION OF THE SWATH VESSEL.
- 2. THE SHIPBUILDER AGREES AND UNDERTAKES ON BEHALF OF ITSELF'
  AND ITS DIRECTORS AND EMPLOYEES:
  - A) NOT WITHOUT THE PRIOR CONSENT IN WRITING OF THE OWNERS TO DISCLOSE OR PERMIT DISCLOSURE OF ANY OF THE INTELLECTUAL PROPERTIES OBTAINED AS A RESULT OF THIS AGREEMENTS TO ANY PERSON OR BODY EXCEPT THAT THE SHIPBUILDER MAY TAKE DISCLOSURE TO ITS EMPLOYEES, AS MAY BE REASONABLY NECESSARY TO ALLOW THE SHIPBUILDER TO EVALUATE THE POSSIBLE CONSTRUCTION OF THE VESSEL/
  - B) NOTWITHSTANDING ANY OF THE FOREGOING PROVISION HEREINBEFORE, DISCLOSURE OF ANY OF THE INTELLECTUAL PROPERTIES MAY ONLY BE MADE TO THE SHIPBUILDER'S EMPLOYEES UPON SUCH TERMS AND CONDITIONS AS MAY BE IMPOSED BY THE OWNERS FROM TIME TO TIME!
  - C) TO TAKE ALL REASONABLE STEPS AND PRECAUTIONS IN DFALING WITH THE INTELLECTUAL PROPERTIES PROVIDED BY THE OWNER SO AS TO PREVENT ANY UNAUTHORISED PERSON FROM HAVING ACCESS TO SUCH, INTELLECTUAL PROPERTIES.
- THE SHIPBUILDER AGREES NOT TO RECORD, COPY TRANSCRIBE, PHOTOGRAPH, PHOTOCOPY OR OTHERWISE IN ANY OTHER WAY REPRODUCE ANY OF THE INTELLECTUAL PROPERTIES PROVIDED BY OWNERS PURSUANT TO THIS AGREEMENT EXCEPT AS REASONABLY NECESSARY FOR ITS EVALUATION OF THE POSSIBLE CONSTRUCTION OF THE VESSEL DESIRED BY THE OWNER. THE SHIPBUILDER AGREES THAT THE TERMS OF THIS AGREEMENT APPLY TO ANY AND ALL RECORDS, COPIES, TRANSCRIPTIONS, PHOTOGRAPHS, PHOTOCOPIES AND OTHER REPRODUCTIONS OF THE INTELLECTUAL PROPERTIES PROVIDED BY THE OWNER PURSUANT TO THIS AGREEMENT/

## /NEW

- AT ANY TIME HEREAFTER, IF THE OWNERS SHALL, IN ITS.

  ABSOLUTE DISCRETION, DECIDE (SUCH DECISION BEING FINAL AND NO REASON NEED BE ASSIGNED THERETO) THAT THE SHIRBUILDER WILL NOT BE CONSTRUCTING THE SWATH VESSEL THE SHIPBUILDER AGREES AND UNDERTAKES TO RETURN ALL INTELLECTUAL PROPERTIES AND ANY AND ALL COPIES THEREOF, WITHIN FIFTEEN (15) DAYS FROM THE DATE OF RECEIPT OF WRITTEN NOTICE FROM THE OWNER DEMANDING THE RETURN OF THE SAME.
- 5. ANY NOTICE REQUIRED UNDER THIS AGREEMENT SHALL BE DELIVERED TO THE REGISTERED OFFICE OF THE PARTIES, OR SUCH OTHER ADDRESS AS MAY BE DESIGNATED, EITHER BY PERSONAL SERVICE OR BY REGISTERED MAIL, POSTAGE PREPAID.

THE SHIPBUILDER FURTHER AGREES TO INDEMNIEY THE OWNERS AGAINST ALL LEGAL COSTS AND DAMAGES INCURRED BY THE OWNERS AS A RESULT OF ANY ACTION BY THE OWNERS AGAINST THE SHIPBUILDER PERTAINING TO THIS AGREEMENT. IN THE EVENT THAT THE SHIPBUILDER DECIDES THAT IT IS POSSIBLE TO CONSTRUCT THE SWATH VESSEL, THE OWNER AND THE SHIPBUILDER AGREE THAT THEY SHALL BE BOUND BY THE TERMS AND CONDITIONS OF A LICENSE AGREEMENT. IT IS THE EXPRESS INTENTION OF THE OWNER AND THE SHIPBUILDER THAT THIS AGREEMENT TO BE GOVERNED BY THE 8 .. LAWS OF HAWAII. IN WITNESS THEREOF, THE PARTIES HAVE SET THEIR HANDS TO THIS AGREEMENT. PACIFIC MARINE ENGINEERING SCIENCE CORPORATION STEVEN C.H. LOUI ITS: PRESIDENT ' ITS: PROF. RICHARD SAPPER FRATELLI COSULICH S.P.A. ITS: MANAGING DIRECTOR

270086 COS GE I

NORMARINE PTL

MMMM



XEROX TELECOPIER 295; \ 2-15-91;11:03 Ak; FEL 15 '91 09:02 9.

1/

CCITT G3 →

5032406600 ; # 1

F.1

FAX TRANSMITTAL

DATE: 15 February 1891

TO: Southwest Marine Inc.

ATTN: 8ill Zavin

FAX NO. 503/240-6600

FROM: Ken Plyler

NAVATEK SHIPS LTD. 2234 HOONEE PL. HONOLULU, HI. 96819 PH. 808/848-6437 FAX 808/848-6477

NUMBER OF PAGES, INCLUDING THE COVER SHEET:

SUBJECT: Swath Medical Transfer Vessel

MESSAGE:

Bill, Attached is the information that we have been discussing over the past week. It was sont to MSC on the night of 13 February and we have not heard anything as yet. I have tried calling just to verify that they received our fax. Cannot get anybody to accept my calls.

Regards,

(076b)



Sunt

#### FAX TRANSMITTAL

CCITT G3 →

DATE: 13 FEBRUARY 1991

TO: MILITARY SEALIFT COMMAND, WASHINGTON D.C.

ATTN: R. ROSS CAMARDELLA, CONTRACTING OFFICER

FAX NO. 202/433-0761

FROM: WILLAIM CLIFFORD

NAVATEK SHIPS LTD. 2234 HOONEE PL. HONOLULU, HI. 96819 PH. 808/848-6437 FAX 808/848-6477

NUMBER OF PAGES, INCLUDING THE COVER SHEET: SEVEN (7)

SUBJECT: SWATH MEDICAL TRANSFER VESSEL

MESSAGE: OUR COMPANY OWNS THE ONLY U.S. FLAG, U.S. COAST GUARD CERTIFIED, ABS CLASSED SWATH PASSENGER VESSEL. THE VESSEL WAS DESIGNED AND BUILT BY OUR COMPANY AND IS PRESENTLY IN PASSENGER SERVICE IN HAWAII. IT WOULD ACCOMMODATE APPROXIMATELY 150 HOSPITAL BEDS BUT HAS NO HELICOPTER EQUIPMENT OR CAPABILITY.

WE COULD BUILD AND DELIVER A VESSEL TO MEET YOUR PARTICULAR REQUIREMENTS, BASED ON OUR VERY SUCCESSFUL NAVATEK 1 DESIGN FOR USD \$8M IN 6-7 MONTHS.

ADDITIONAL INFORMATION, DETAILED SPECIFICATION, ETC. ARE AVAILABLE UPON REQUEST.

WILLIAM CLIPFORD

PRESIDENT

(b)(4) copyright

CC111 63 ≯

SWATH MEDICAL TRANSFER VESSEL

b)(4) copyright

SI016739 NWMAR135656

XEROX TELECOPIER

295 ;

2-15-91;11:06 AM;

(b)(4) copyright

, 00996 , 0

5032406600

CC111 G3 →

2-15-91;11:07 AM;

XEROX TELECOPIER 296; FEB 15 '91 Ø9:07

> SI016740 NWMAR135657

CCITT 63 →

2-15-91;11:08 AM;

£ . CC!TT 63 →

2-15-91;11:09 AM;



Davies Pacific Center 841 Bishop Street #1880 Honolulu Hawaii 96813 Telephone 808 531-7001 Fax 808 523-7668

P.O. Box 29816 Honolulu, Hawaii 96820

December 17, 1990

Mr. William H. Zavin, II Senior Vice President Southwest Marine, Inc. P.O. Box 3109 Portland, Oregon 97217

Dear Bill:

Per your discussion with Steven Loui, enclosed are copies of our SWATH ship financing requests for your transmittal to John Salquist. Please ensure that these materials are kept confidential and are only reviewed by this prospect.

Thank you for your help in locating funds for this project. Please let me know if you have any questions or need further information.

Yours truly,

Keith M. Sakamoto

Vice President - Finance



Davies Pacific Center 841 Bishop Street #1880 Honolulu Hawaii 96813 Telephone 808 531-7001 Fax 808 523-7668

P.O. Box 29816 Honolulu, Hawaii 96820

December 17, 1990

Mr. William H. Zavin, II Senior Vice President Southwest Marine, Inc. P.O. Box 3109 Portland, Oregon 97217

#### Dear Bill:

Per your discussion with Steven Loui, enclosed are copies of our SWATH ship financing requests for your transmittal to the Standard Insurance Company. Please ensure that these materials are kept confidential and are only reviewed by this prospect.

Thank you for your help in locating funds for this project. Please let me know if you have any questions or need further information.

Yours truly,

Keith M. Sakamoto

Vice President - Finance



Davies Pacific Center 841 Bishop Street #1880 Honolulu Hawaii 96813 Telephone 808 531-7001 Fax 808 523-7668

P.O. Box 29816 Honolulu, Hawaii 96820

December 10, 1990

Mr. William H. Zavin, II Senior Vice President Southwest Marine, Inc. P.O. Box 3109 Portland, Oregon 97217

Dear Bill:

Per your discussion with Steven, enclosed are copies of our SWATH ship financing requests for your transmittal to the Portland Employee Retirement System. Please ensure that these materials are kept confidential and are only reviewed by this prospect.

Thank you for your help in locating funds for this project. Please let me know if you have any questions or need further information.

Yours truly,

Keith M. Sakamoto

Vice President - Finance



Davies Pacific Center 841 Bishop Street #1880 Honolulu Hawaii 96813 Telephone 808 531-7001 Fax 808 523-7668

P.O. Box 29816 Honolulu, Hawaii 96820

December 10, 1990

Mr. William H. Zavin, II Senior Vice President Southwest Marine, Inc. P.O. Box 3109 Portland, Oregon 97217

#### Dear Bill:

Per your discussion with Steven Loui, enclosed are copies of our SWATH ship financing requests for your transmittal to the Oregon Public Employee Retirement System. Please ensure that these materials are kept confidential and are only reviewed by this prospect.

Thank you for your help in locating funds for this project. Please let me know if you have any questions or need further information.

Yours truly,

Keith M. Sakamoto

Vice President - Finance

#### ONEFAX > 5032406600

REF:

6585033A001

TUE 09 OCT 90 10:38 GMT

FROM:

FRATELLI COSULICH SPA. GENOVA

FAX: (~10 ) 532805

MSG 162

09-OCT-1990

To NorthWest Marine & Ironworks Attn Mr. Bill Zavin

FM FRATEL'LI COSULICH GENOVA, ITALY VIA VENTI SETTEMBRE 41 PHONE 10 53951 TLX 270086 FAX 532805

RE: SWATH S74 CASINO SHIP

#### GENTLEMEN,

THIS IS TO INFORM YOU THAT WE HAVE COMPLETED A CONCEPT DESIGN FOR A DINNER/EXCURSION/CASINO SWATH TO BE EMPLOYED FOR SHORT INTERNATIONAL VOYAGES.

MAIN PARTICULARS ARE AS FOLLOWS:

LENGHT OVERALL

ABT. 74 METRES

BREADHT MOULDED

ABT. 30 METRES

WATERTIGHT BULKHEADS

NO. OF DECKS

DRAFT FULLY LOADED

ABT. 5 METRES

SPEED

ABT. 15 KNOTS

PROPULSION

TWO DIESEL ENGINE, TOTAL 3360 KW.

THREE GENERATORS

TOTAL 4140 KW.

DAY CRUISES, 800 PASSENGERS

ABT. 150 ABT. 15

PASSENGER CABINS

CREW CABINS

ABT. 10

LIGHTSHIP

ABT 1150 MT.

FULLY AIR CONDITIONED BY CENTRALIZED SYSTEM

10

SPECIFICATION (ABOUT 230 PAGES), GENERAL ARRANGEMENT PLAN (7 DRAWINGS), STRUCTURAL ARRANGEMENT DRAWINGS (14 DRAWINGS) WERE PREPARED BY PAMESCO INC., HONOLULU, PROF. SAPPER, MR. PUCCIO AND FRATELLI COSULICH. ABOVE DOCUMENTS COULD BE SENT TO YOUR ADDRESS BY COURIER NEXT WEEK IF YOUR COMPANY WOULD DECLARE:

- 1. CAPABILITY OF BUILDING VESSEL WITHIN REASONABLE TIME
- WILLINGNESS TO SIGN A NON DISCLOSURE AGREEMENT (SEE BELOW)
- 3. ABILITY TO SUBMITT BIDS IN SUCH WAY THAT RELEVANT DOCUMENTATION WOULD BE DELIVERED TO FRATELLI COSULICH, GENOVA, BY NOVEMBER 16TH, 1990.

IN THE AFFERMATIVE, PLEASE RETURN COMPLETED AND SIGNED AGREEMENT BY COURIER BY OCTOBER 15TH, 1990. BEST REGARDS.

ANDREA B. COSULICH

Page 1, document continues ...

ONEFAX →

# NON DISCLOSURE AGREEMENT

THIS AGREEMENT is made on the 14th day of September 1990 between

- PACIFIC MARINE ENGINEERING SCIENCE CORPORATION, a corporation incorporated in the State of Hawaii, United States of America (PAMESCO),

- FRATELLI COSULICH S.P.A., a corporation incorporated in Trieste, Italy (COSULICH)

- prof. RICHARD SAPPER, Milan Italy (SAPPER)
(hereinafter called "THE OWNERS")

WHEREAS, the Owners are the owners of the copyright of the structural drawings, specifications, general arrangements plans, and any other documents relating to a small water plane area twin hull vessel (hereinafter called "the SWATH vessel") and also PAMESCO is the owner of the United States of America patent of some of the knowledge and know-how pertaining to the SWATH vessel, designs and construction, and possesses other confidential information relating to the SWATH vessel (such properties of the owners shall hereinafter collectively be called "the intellectual properties");

WHEREAS, the Owners are desirous of having the SWATH vessel constructed using the intellectual properties and to commercialize the intellectual properties by granting a non-exclusive license to the Shipbuilder for the construction only of the SWATH vessels in ........................ which utilizes the Owner's intellectual properties;

WHEREAS, the Shipbuilder is desirous of obtaining a non-exclusive right to construct the SWATH vessel in ...... using the Owners' intellectual properties and seeks to have access to and review of the intellectual properties to evaluate the possible construction of the vessel;

WHEREAS, the Owners and Shipbulder agree and acknowledge that the Owner's intellectual properties pertaining to the SWATH vessel are of a highly confidential sensitive nature.

NOW IT IS HEREBY AGREED AS FOLLOWS:

In pursuance of the aforesaid and in consideration of the Owners agreeing to allow the Shipbuilder access to and review of the intellectual properties, the Owners and the Shipbuilder agree to the following:

Page 2, document continues ...

ONE ( > 5032406600

1. The Owners agree to provide the Shipbuilder with the intellectual properties reasonably required by the Shipbuilder in its evaluation of the possible construction of the SWATH vessel.

- The Shipbuilder agrees and undertakes on behalf of itself and its directors and employees:
  - a) not without the prior consent in writing of the Owners to disclose or permit disclosure of any of the intellectual properties obtained as a result of this Agreements to any person or body except that the Shipbuilder may take disclosure to its employees, as may be reasonably necessary to allow the Shipbuilder to evaluate the possible construction of the vessel;
  - b) notwithstanding any of the foregoing provision hereinbefore, disclosure of any of the intellectual properties may only be made to the Shipbuilder's employees upon such terms and conditions as may be imposed by the Owners from time to time;
  - c) to take all reasonable steps and precautions in dealing with the intellectual properties provided by the Owner so as to prevent any unauthorised person from having access to such intellectual properties.
- The Shipbuilder agrees not to record, copy transcribe, photograph, photocopy or otherwise in any other way reproduce any of the intellectual properties provided by Owners pursuant to this Agreement except as reasonably necessary for its evaluation of the possible construction of the vessel desired by the Owner. The Shipbuilder agrees that the terms of this Ageement apply to any and all records, copies, transcriptions, photographs, photocopies and other reproductions of the intellectual properties provided by the Owner pursuant to this Agreement;
- 4. At any time hereafter, if the Owners shall, in its absolute discretion, decide (such decision being final and no reason need be assigned thereto) that the Shipbuilder will not be constructing the SWATH vessel the Shipbuilder agrees and undertakes to return all intellectual properties and any and all copies thereof, within fifteen (15) days from the date of receipt of written notice from the Owner demanding the return of the same.
- 5. Any notice required under this Agreement shall be delivered to the registered office of the parties, or such other address as may be designated, either by personal service or by registered mail, postage prepaid.
- 6. The Shipbuilder further agrees to indemnify the Owners against all legal costs and damages incurred by the Owners as a result of any action by the Owners against

Page 3, document continues ...

 $\frac{\text{ONE}_{\text{Fack}} > 50324066}{\text{the Shipbuilder pertaining to this Agreement.}}$ 

7. In the event that the Shipbuilder decides that it is possible to construct the SWATH vessel, the Owner and the Shipbuilder agree that they shall be bound by the terms and conditions of a License Agreement.

8. It is the express intention of the Owner and the Shipbuilder that this Agreement to be governed by the laws of Hawaii.

IN WITNESS THEREOF, the parties have set their hands to this Agreement.

END

ஒ~ு.06<sub>@</sub>09-1990 19:53 FROM த**ெ**H WEST MARINE

TO 010 32406600

F.01



2 Manor Terrace Brixham Devon TQ5 8118 Tel: 0803 883885 Fax: 0803 883889 Res: 08045 6542

Tix 42513 Sharet G

(0803) 883889

TO: SOUTH WEST MARINE INC. PTLD.	FROM: ALAN PERRY
ATTN: WILLIAM H. ZAVIN, II	DATE: 6 SEPTEMBER 1990
FAX OUT: 010-1-503-2406600	PAGES: 3

#### REFERENCE:

## SWATH VESSEL "RADISSON DIAMOND".

AS DISCUSSED DURING OUR TELEHONE CONVERSATION PLEASE FIND ATTACHED PICTURES OF "RADISSON DIAMOND".

PRINCIPAL PARTICULARS ARE:

CAPACITY 356 PAX GRT 18,100 TONNES LOA 125M BEAM 32M DRAFT 7/8M11,000KW PROPULSIVE POWER AUX POWER 2,900KW TRIAL SPEED 14 KTS CRUISE SPEED 12.3 KTS

OWNERS: RADISSON DIAMOND CRUISES, FLORIDA

BUILDERS: RAUMA-REPOLA OY, FINLAND.

I WILL TRY TO GET HOLD OF OTHER INFORMATION OVER THE COMING WEEKEND AND GET IT OFF TO YOU.

MEANWHILE, I LOOK FORWARD TO ANY INFORMATION YOU MAY HAVE RE. "VIKING SERENADE".

BEST REGARDS

South West Marine Limited Director: A.F. Perry

Offector: A.F. Perry.

Registered in England No. 2358573. VAI' Reg. No. 525 1515 72. Registered Office: 24 Union Street, Newton Abbot, Devon 7Q12 2J5, England.

XEROX TELECOPIER 295;

# South West Marine

CONSULTANTS & SURVEYORS

0803 883889 >

2 Manor Terrace Brixham Devon TQ5 8HB Tel: 0803 883885 Fax: 0803 883889 Res: 08045 6542

Tix 42513 Sharet G

(0803) 883889

TO: SOUTH WEST MARINE INC., PTLD.	FROM: ALAN PERRY
ATTN: WILLIAM H. ZAVIN II	DATE: 5 SEPTEMBER 1990
FAX OUT: 010-1-503-2406600	PAGES: 2

#### REFERENCE:

## SWATH VESSELS:

SHOULD MR. QUINTON WATT BE VISITING EUROPE IN THE NEAR FUTURE (OR ANY OF YOUR SENIOR PERSONNEL ENGAGED IN CRUISE/PASSENGER NEWBUILDING/CONVERSION WORK) I THINK IT WOULD BE MUTUALLY BENEFICIAL TO TALK TO MARK BEAUMONT OF LONDON BASED "CRUISE BROKERS LTD.".

MARK & I SERVED TOGETHER IN THE CHINA NAVIGATION CO. LTD. HEAD OFFICE IN HONGKONG, (SEE ATTACHED BRIEF CAREER DETAILS)

AS DISCUSSED I WILL PHONE YOUR OFFICE ABOUT 1800 HRS UKST (0900 USWC TIME) TOMORROW.

BEST REGARDS.





Mark Resumont Managing Director

LONDON ECIA 787

TELEFAX:

South West Marine Limited Director: A.F. Perry

Registered in England No. 2358573. VAT Reg. No. 525 1515 72. Registered Office: 24 Union Street, Newton Abbot, Devon 1012 255, England.

April , 1990

Mr. William A. Furman
President and Chief Executive Officer
The Greenbrier Companies
One Centerpoint Drive, Suite200
Lake Oswego, OR 97035

#### Dear Bill:

It was a pleasure seeing you again and engaging in some very stimulating discussions regarding Navatek SWATH opportunities. After leaving our meeting with you, I felt very strongly that each of our companies has the complementary ingredients to create a successful joint venture for the global expansion of the SWATH. As a result of our discussions, I would like to propose some basic concepts from which we can go forth and develop more specific terms regarding a joint venture. These concepts stem from the contributions each of us would bring to the venture. Greenbrier would provide the necessary financing, manufacturing, development, and distribution resources. Pacific Marine would provide the technology, designs, product concepts, and firsthand SWATH operating experience.

The basic concepts of our proposal can be summarized as follows:

(Insert Summary)

These basic concepts stem from our Navatek SWATH global mission of becoming the worldwide leader in the technology, design, building, and application development of SWATH vessels. Under our strategic plan, this mission would be executed in seven basic phases: (1) defining and patenting the invention; (2) developing technology in support of the invention (e.g., computer software and proprietary designs, equipment, and systems); (3) building a prototype (which is classed by the American Bureau of Shipping and certified by the U.S. Coast Guard); (4) developing a Hawaii-based infrastructure (i.e., permits, operating arrangements, and marketing, maintenance, and administrative support groups); (5) commercializing the prototype; (6) monopolizing the lucrative Hawaii market; and (7) expanding to global markets. We have accomplished the first five phases and would like to explore your participation in accomplishing the last two steps.

Hawaii SWATH Development

. .APR\_26 '90 12:54 PACIFI ARINE 808 523-7668

In order to jointly pursue the global strategy for Navatek SWATHs, the logical first step would be to participate in the joint development of SWATHs in Hawaii. As we had indicated during our visit, Hawaii is a very lucrative market which also provides an ideal incubator and showcase for SWATH applications. Pacific Marine is prepared to launch a program for rapid market proliferation in Hawaii, with our technology, designs, engineering, permits, routes, and vertically integrated operations. In developing SWATHs for Hawaii, we would envision Greenbrier basically arranging the financing for the SWATH ships and, possibly, the operations. For Greenbrier, this would provide the opportunity to study the viability of a global SWATH strategy while also earning an attractive return on investment in the Hawaii SWATHs.

More specifically, we would anticipate Greenbrier underwriting the cost of each ship, estimated at \$5 million, and then arranging for the long-term lease financing. Greenbrier would of course earn fees for this structuring and underwriting activity. In order to support the lease financing, Greenbrier would enter into a charter with the owner/lessor of the ships. The vessels would then be subchartered to the operating companies which would pay rent as a base amount plus a percentage of revenue. Pacific Marine and Greenbrier would share equally (50%/50%) in the excess spread of the subcharter rent over the fixed payment primary lease. We estimate that the total spread would be roughly \$400,000 per vessel, per annum. In addition, the lease should be structured to provide a maximum residual value purchase option to the operator, which would yield a reasonable return to the lessor while capping the buyback exposure at the end of the lease term.

Since our meeting, we have taken a closer look at taking an active role in the operation of all Hawaii SWATHs. A review of our recent experience with our affiliated Navatek I operator indicates that we can successfully operate the vessels ourselves and yield very attractive returns. We would also like to offer Greenbrier the opportunity to participate in the Hawaii SWATH operations by arranging the working capital financing for each Hawaii operation in exchange for a 50% share of the net operating profits generated. We estimate that the pretax net operating profit, after all expenses, will be roughly \$1.0 million per vessel, per annum.

For the Hawaii market, Pacific Marine would assign its permits and grant exclusive franchises in exchange for 50% of the lease spread and all or one-half (depending on Greenbrier's participation) of the net operating profit from the tour operations. We would also be compensated for providing management and oversight for the tour operations. Finally, we would also

retain the rights to all profits from specific carveout operations and any reservations, procurement, crewing, and maintenance services provided to the operations.

In the event Greenbrier does not proceed to the next step of pursuing markets beyond Hawaii, its Hawaii participation interests would have to be adjusted since the structure described above contemplates Pacific Marine sharing the Hawaii returns with Greenbrier in exchange for Greenbrier's future support in the global strategy. Of course, any adjustments would have to result in a reasonable return for Greenbrier's continuing guarantee of the Hawaii leases. We believe that reducing Greenbrier's participation interests in the lease spreads and net operating profits from 50% to 25% would provide a reasonable return for its ongoing credit support. Furthermore, this adjustment would in keeping with our original concept of providing 25% equity participation to parties arranging or providing all of the debt or lease financing.

#### Global SWATH Development

Greenbrier's exclusive participation with Pacific Marine in the global markets would be conditioned upon meeting a commitment to finance at least 5 SWATH ships for Hawaii within a period of 2 years. This global participation granted to Greenbrier would apply to all markets, broadly defined as the military, research/scientific, day/dinner cruise, extended cruise, natural resource industries, casino, freight, ferry markets. However, Pacific Marine shall have the right to pursue independently or with other parties markets for which Greenbrier has not sold at least 2 units to third parties within the 18 months following the completion of its commitment for Hawaii. At any point in time, Greenbrier and Pacific Marine may by mutual agreement release certain markets from the joint venture.

In pursuing these broader markets, Gundersen would be granted a right of first refusal for any contract to build U.S. domestic route vessels (Gundersen may also subcontract work to Southwest Marine at its discretion). Financing fees and participations in lease spreads would be in proportion to funds provided or arranged by Greenbrier and/or Pacific Marine, respectively. Customer leads identified by Pacific Marine would be brought to Greenbrier on a first rights basis. If Greenbrier refuses to participate in the sale, Pacific Marine could then seek financing and shipbuilding elsewhere.

With respect to these global markets, Pacific Marine would receive a full 6% royalty on every SWATH vessel built. Pacific Marine would also retain rights to provide services to ship operators including, when applicable, crewing, ship

inspection, maintenance, and a central parts pool. Rights to any concession operations and any central reservation services would also be retained by Pacific Marine.

In the event operating entities are acquired which utilize the vessels, the net operating profits from those applications would belong to the party that purchases the necessary berthing/permit rights and invests the necessary working capital. If either party identifies an attractive operation, it could offer the other party first rights to any interest that might be sold. We also propose that Greenbrier and Pacific Marine share equally in any franchise fees for exclusive rights provided to purchasers of Navatek SWATHs.

Bill, I believe that these proposed concepts provide an attractive and reasonable basis from which we can develop a relationship. Please let me know your thoughts on these proposals. If you wish to proceed, we should work on refining the concepts further and then drafting a letter of intent and agreements. We are at the same time assembling the information we have on our planned SWATH applications in Hawaii.

Yours Truly,

Steven C. H. Loui Chairman and President ATT: Ken PLYLEN -6477

# Navatek Ships Questionnaire Form

Would you be willing to sign a Non-Disclosure Agreement restricting you from
building any SWATH vessel for twenty four (24) months after signing the
agreement with Navatek Ships, Ltd.? (Yes) No)
Your physical address: SSSS N CHANNEL #2  Pontand OL 920
Phone #: (503) 240-4550
FAX #: (503) 240-6600
Contact person: Biu Zain
Do you have USCG certified welders? (Yes / No)
Normal billing rate per hour: NEGOT 148
What portion of the vessel would you quote?  All  Corrier Vessel
Carrier Vessel Superstructure
DUDEISHIUCIURE

247-1003



Engineering Dept

2234 HOONEE PLACE , HONOLULU , HI , 96819

PH (808) 848-6437 / FAX (808) 848-6477

#### Solicitation Inquiry for SWATH Construction

Navatek Ships, Ltd., a Hawaii based company, is in the final design stages for a 72' X 36' SWATH passenger vessel.

The purpose of this inquiry is to solicit your interest in the fabrication of this vessel. A brief specification and a plan and profile view are included with this form for your information.

This is expected to be a short fused project with a critical delivery date. It must be delivered and ready for service in San Diego, California within six (6) months after signing of the construction contract.

Your company will be expected to quote a price and delivery date on the complete vessel (carrier vessel + superstructure), the carrier vessel or the superstructure. The carrier vessel, which is the section from main deck to keel and includes the connecting cross beams, will be fabricated of welded aluminum. The superstructure, which is the section above the main deck, includes the welded aluminum cross hull structure with an FRP deckhouse attached. The completed superstructure assembly will be mounted on the carrier vessel deck with resilient mounts.

All propulsion and auxiliary machinery will be owner furnished. Superstructure interior will be either contracted to the shipyard or sub-contracted out, as determined by the owner.

Please include a company brochure and any other pertinent information concerning your shippard or shipbuilding capabilities. Fill in the information requested in the attached questionnaire and return to:

Navatek Ships, Ltd. 2234 Hoonee Place Honolulu, HI 96819 Attn: Mr. Kenneth F. Plyler

A response is requested at your earliest convenience.

## Navatek Ships Questionnaire Form

Would you be willing to sign a Non-Disclosure Agreement restricting you from building any SWATH vessel for twenty four (24) months after signing the agreement with Navatek Ships, Ltd.? ( Yes / No )

Your physical address:

Phone #: ( ) \_\_\_\_\_\_

FAX #: ( ) \_\_\_\_\_

Contact person:

Do you have USCG certified welders? ( Yes / No )

Normal billing rate per hour:

What portion of the vessel would you quote?

All \_\_\_\_\_\_

Carrier Vessel \_\_\_\_\_\_

Superstructure \_\_\_\_\_









### NAVATEK SHIPS 22M SWATH SPECIFICATIONS

o)(4) copyright	

### NAVATEK SHIPS 22M SWATH SPECIFICATIONS (cont'd)

(b)(4) copyright	

#### NAVATEK SHIPS 22M SWATH SPECIFICATIONS (cont'd)

### Passenger Accomodations:

120 passengers will be accommodated in an air conditioned cabin on the main deck. Main deck level will contain seating, tables restrooms and bar. Seating arrangement will be specified by owner. One (1) passenger restroom facility will be furnished with adequate urinals, waterclosets and wash basins. Passenger space interiors will be finished in wood, metal, paneling, paint and floor coverings as specified by the owner.

Lifesaving and Safety Equipment (As required by USCG):

20 Man Viking Inflatable Liferafts (3)
Liferings (2) one w/ waterlight & lanyard
Inflatable Rescue boat w/ motor & davit
Lifevests (120)
Fire Extinguishers (10)
Fire Ax (1)
Fire Hose Stations (2)



#### Engineering Dept

2234 HOONEE PLACE , HONOLULU , HI , 96819

PH (808) 848-6437 / FAX (808) 848-6477

### Solicitation Inquiry for SWATH Construction

Navatek Ships, Ltd., a Hawaii based company, is in the final design stages for a 72' X 36' SWATH passenger vessel.

The purpose of this inquiry is to solicit your interest in the fabrication of this vessel. A brief specification and a plan and profile view are included with this form for your information.

This is expected to be a short fused project with a critical delivery date. It must be delivered and ready for service in San Diego, California within six (6) months after signing of the construction contract.

Your company will be expected to quote a price and delivery date on the complete vessel (carrier vessel + superstructure), the carrier vessel or the superstructure. The carrier vessel, which is the section from main deck to keel and includes the connecting cross beams, will be fabricated of welded aluminum. The superstructure, which is the section above the main deck, includes the welded aluminum cross hull structure with an FRP deckhouse attached. The completed superstructure assembly will be mounted on the carrier vessel deck with resilient mounts.

All propulsion and auxiliary machinery will be owner furnished. Superstructure interior will be either contracted to the shipyard or sub-contracted out, as determined by the owner.

Please include a company brochure and any other pertinent information concerning your shippyard or shipbuilding capabilities. Fill in the information requested in the attached questionnaire and return to:

Navatek Ships, Ltd. 2234 Hoonee Place Honolulu, HI 96819 Attn: Mr. Kenneth F. Plyler

A response is requested at your earliest convenience.

### Navatek Ships Questionnaire Form

Would you be willing to sign a Non-Disclosure building any SWATH vessel for twenty four (24 agreement with Navatek Ships, Ltd.? (Yes)	4) months after signing the
Your physical address: SSS N Pon Mad O	CHANNEL #2 R 920
Phone #: (SB) <u>240-4550</u>	
FAX #: (53) 210-6600	
Contact person: Biu Zain	
Do you have USCG certified welders? (Yes) / 1	No)
Normal billing rate per hour: <u>NGoTIA8</u>	
What portion of the vessel would you quote?	All X
	Carrier Vessel
	Superstructure



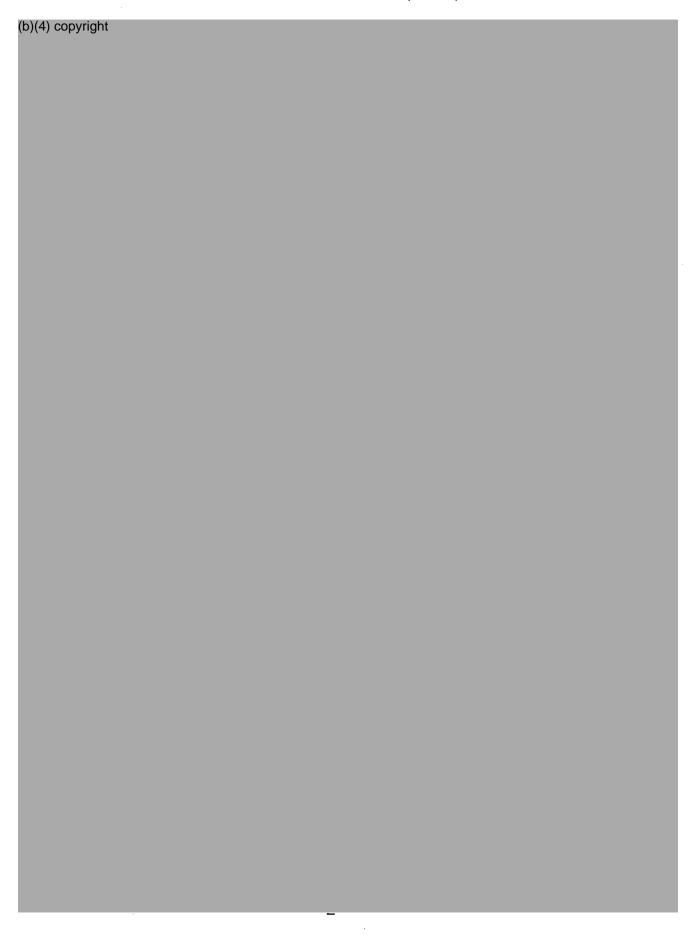






(b)(4) copyright	

### NAVATEK SHIPS 22M SWATH SPECIFICATIONS (cont'd)



(b)(4) copyright			

### PRIVILEGED AND CONFIDENTIAL

June 17, 1992

Memo To: Bill Johnston

From:

Bill Zavin

Subject:

**Princess Cruises** 

Ian Morrison and George Riddle have advised me of a pending visit to you by Charles Arkenstall and Bob Oliver over the weekend. In conversation with Ian it appears that it is a contest between NW Marine, WSI and Todd. Ian has floated, on a personal and confidential basis to Jim Evans, the advice that P & O check the financial credibility of WSI to assure they would really want to place a ship with them.

For further information, we heard that Seron Menon from Cascade General was in London 2 seeks ago trying to push the Cascade position on the Pacific Princess. At that time we heard he was unsuccessful. He has however imparted the position to P & O that they and WSI have the same fitness for duty and drug policy as we do. To squelch that commentary I faxed Ian a copy of the article/press release I prepared for Dick Montgomery. According to Ian it served its purpose. It also landed us some free press in Lloyd's List courtesy of Ian.

Ian further mentioned that the Regal and Crown Princess vessels were going to be working in the Pacific at least on the Alaska service next year and that we should think about DD #4 bookings for them because of their size. George Riddle and I took the conversation one step further and asked Ian to get us information on the ships to see if they could be docked in San Francisco. The information shows we have more than adequate lifting and size capacity in our facility there. My thought was that rather than going through the intra-mural mumbly pegs here in Portland with the Port, tanker operators and other contractors, you might want to offer firm no bump bookings, negotiated procurements and pre-selected supervision and management teams drawn from our entire commercial organization up and down the coast.

OWM a was

#### FACSIMILE MESSAGE

### SHIP REPAIRERS & SHIPBUILDERS LTD 45/46 LOWER MARSH LONDON S E 1 7RG

TO: MR.BOB HUBBARD

TEL:071 928 5265/4302

FAX:071 928 5346

OF: SOUTHWEST MARINE GP.

TLX:918828 SRS G

### PACIFIC PRINCESS

Had a very good meeting at P&O Southampton yesterday. I have sent to you today the specification for the refit of the above vessel. It is a rather large job this time, also the "Island Princess" a sister ship will follow March 93.

If you require any information or clarification please don't hesitate to call Tom Walkinton in P&O Southampton 0703-336262 or fax 0703 227920.

If you wish to visit the vessel please let me know. I will call you today re the above.

Competition Cascade, Todd, Vancouver Shipyard and possibly Jarrows, Victoria (maybe).

Regards,

P.S. Bob Oliver tells me S.W.Marine doing a good job in San Diego.

DISTRIBUTION:
B. ZAVER
B. JOHNSTON
C. HANSON
A. VINCE
M. SPALETA
P. CATES
G. CIDDLE
B. McKAY

## **ORIGINAL**

# IN THE CIRCUIT COURT OF THE STATE OF OREGON FOR THE COUNTY OF MULTNOMAH

WEST STATE, INC., AN OREGON	)		
CORPORATION,	)		
	)		
PLAINTIFF,	)		
	)		
VS.	)	CASE NO.	A9001-00320
	)		
PORT OF PORTLAND, A MUNICIPAL	)		
CORPORATION, ET AL.,	)		
	)		
DEFENDANTS.	)		

DEPOSITION OF ART ENGLE
SAN DIEGO, CALIFORNIA
JULY 17, 1991

ATKINSON-BAKER AND ASSOCIATES, INC. CERTIFIED SHORTHAND REPORTERS 1612 WEST OLIVE AVENUE, SUITE 203 BURBANK, CALIFORNIA 91506 (818) 566-8840

REPORTED BY: MARY C. HOFFMAN, CSR #5011 FILE NO. 915065

1	APPEARANCES:
2	FOR THE PLAINTIFF:
3	
4	BOGLE & GATES BY GREGORY J. MINER, ESQ.
5	222 S.W. COLUMBIA, SUITE 1400 PORTLAND, OREGON 97201
6	(503) 721-3639
7	FOR THE DEFENDANT PORT OF PORTLAND:
8	STOEL, RIVES, BOLEY, JONES & GREY BY GUY A. RANDLES, ESQ. 900 S.W. FIFTH AVENUE
9	PORTLAND, OREGON 97204-1268 (503) 294-9288
10	FOR THE DEPONENT:
11	LLOYD A. SCHWARTZ, ESQ.
12	C/O SOUTHWEST MARINE POST OFFICE BOX 13308
13	SAN DIEGO, CALIFORNIA 92170-0308
14	
15	
16	
17	
18	
19	
20	DEPOSITION OF ART ENGLE,
21	TAKEN BY THE PLAINTIFF, AT SOUTHWEST MARINE, FOOT OF SAMPSON
22	STREET, SAN DIEGO, CALIFORNIA, WEDNESDAY, THE 17TH DAY OF
23	JULY, 1991, AT 9:10 A.M., BEFORE MARY C. HOFFMAN, CERTIFIED
24	SHORTHAND REPORTER, PURSUANT TO NOTICE.
	SHORTHAND REPORTER, FURSUANT TO NOTICE.
25	

1	MR. RANDLES: ALTHOUGH I'M WILLING TO AGREE TO
2	THE USUAL STIPULATIONS, I'M ASSUMING THAT THIS DEPOSITION
3	MAY AMOUNT TO A PERPETUATION DEPOSITION, ASSUMING MR. ENGLE
4	IS NOT GOING TO COME UP FOR TRIAL, SO I THINK WE SHOULD TAKE
5	THAT INTO ACCOUNT.
6	MR. MINER: WELL, I'M GOING TO ASK MR. ENGLE
7	SOME QUESTIONS ABOUT THAT AND WE'LL SEE. I ASSUME THE SAME
8	THING BUT WE'LL SEE.
9	DO YOU WANT TO SWEAR THE WITNESS, PLEASE.
10	
11	ART ENGLE,
12	HAVING BEEN DULY SWORN, TESTIFIED AS FOLLOWS:
13	
14	EXAMINATION
15	BY MR. MINER:
16	Q GOOD MORNING, MR. ENGLE. MY NAME IS GREG MINER
17	AND I'M FROM THE FIRM OF BOGLE & GATES. APPRECIATE YOU
18	MAKING YOURSELF AVAILABLE ON YOUR TIGHT SCHEDULE THIS
19	MORNING AND WE'LL TRY TO GET THROUGH THESE QUESTIONS AS
20	QUICK AS I CAN. WE'VE INDICATED TO YOU THAT THE DEPOSITION
21	SHOULD TAKE BETWEEN TWO HOURS TO THREE HOURS AT THE MOST.
22	I'LL SEE IF WE CAN GET THROUGH IT AS QUICK AS I CAN, AS I
23	SAID.
24	IF I ASK YOU ANY QUESTIONS WHERE YOU NEED TO
25	HAVE ME REPEAT IT BECAUSE THEY'RE NOT CLEAR, THEN PLEASE

	COULD YOU GIVE ME YOUR CURRENT HOME ADDRESS AND
3	ALSO YOUR CURRENT PLACE OF BUSINESS?
7	A. (b) (6) IS MY CURRENT HOME
5	ADDRESS; AND BUSINESS IS FOOT OF SAMPSON STREET, SAN
£	DIEGO.
•=	Q. THAT'S THE ADDRESS OF SOUTHWEST MARINE?
ŧ	A. YES, IT IS.
ċ	Q. AND THAT'S A BUSINESS WHICH YOU OWN, AS I
•	UNDERSTAND IT?
•	A. I'M A PARTNER IN THE BUSINESS, YEAH. I OWN
• •	STOCK IN THE COMPANY, YEAH.
1.5	Q. HOW LONG HAVE YOU BEEN ONE OF THE OWNERS?
14	A. SINCE ITS INCEPTION.
4	Q. AND THAT'S APPROXIMATELY HOW LONG?
16	A. 15 YEARS.
7 7	Q. WE NOTICED YOUR DEPOSITION TODAY, A COPY OF
18	WHICH I'D LIKE TO HAVE THE REPORTER MARK AS EXHIBIT 1 AND
19	THEN I'LL ASK YOU SOME QUESTIONS ABOUT THAT.
20	(DEPOSITION NOTICE DUCES TECUM MARKED
21	PLAINTIFF'S EXHIBIT 1 FOR IDENTIFICATION.)
22	BY MR. MINER:
23	Q. LET ME SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT
24	1, MR. ENGLE.
25	HAVE YOU SEEN THAT NOTICE OF DEPOSITION BEFORE?

JUST STOP ME AND ASK ME TO REPEAT.

1	A. YES.
2	Q. THAT'S A DEPOSITION NOTICE THAT ASKS, I
3	BELIEVE, IN FIVE SEPARATE REQUESTS THERE TO HAVE YOU PRODUCE
4	DOCUMENTS, IF THERE ARE SUCH DOCUMENTS.
5	HAVE YOU READ THROUGH THAT NOTICE OF DEPOSITION
6	TO DETERMINE WHETHER THERE ARE ANY DOCUMENTS THAT RESPOND TO
7	THOSE INDIVIDUAL FIVE REQUESTS?
8	A. I REFERRED IT TO MR. SCHWARTZ, OUR HOUSE
9	COUNSEL.
10	Q. HAVE YOU PRODUCED ANY DOCUMENTS TODAY OR DO YOU
11	PLAN ON PRODUCING ANY TODAY IN RESPONSE TO THAT REQUEST?
12	A. NO.
13	Q. SO IN LOOKING AT THE FIVE INDIVIDUAL ITEMS ON
14	PAGE 2 OF THAT NOTICE OF DEPOSITION, YOU DON'T HAVE ANY
15	DOCUMENTS THAT RESPOND TO ANY OF THOSE REQUESTS?
16	A. I PERSONALLY DON'T, NO.
17	Q. DOES THE COMPANY, SOUTHWEST MARINE, HAVE ANY
18	DOCUMENTS THAT RESPOND TO THOSE REQUESTS?
19	A. I'D HAVE TO REFER THAT QUESTION TO MR. SCHWARTZ
20	OR SOMEBODY ELSE IN THE COMPANY.
21	MR. MINER: WELL, DO YOU KNOW, MR. SCHWARTZ,
22	WHETHER ANY DOCUMENTS THAT RESPOND TO THE FIRST FIVE
23	REQUESTS
24	MR. SCHWARTZ: CAN WE GO OFF THE RECORD FOR A
25	MINUTE?

1	MR. MINER: SURE.
2	(DISCUSSION OFF THE RECORD.)
3	MR. MINER: LET'S GO AHEAD AND PUT THAT ON THE
4	RECORD. I THINK WE SHOULD DO THAT. AND PLEASE CORRECT ME
5	IF I'M WRONG IN THE WAY THAT I CHARACTERIZE THE DISCUSSION
6	WE'VE HAD OFF THE RECORD, MR. SCHWARTZ.
7	IT'S SOUTHWEST MARINE'S POSITION, IN RESPONDING
8	TO THE FIVE DOCUMENT REQUESTS IN EXHIBIT 1, THE NOTICE OF
9 -	DEPOSITION FOR MR. ENGLE, THAT SOUTHWEST MARINE WILL PRODUCE
10	ONLY THE INFORMATION THAT NORTHWEST MARINE HAS ALREADY BEEN
11	REQUIRED TO PRODUCE UNDER A DISCOVERY ORDER ENTERED BY JUDGE
12	JOHNSON LAST WEEK IN THIS CASE?
13	MR. SCHWARTZ: THAT'S CORRECT.
14	MR. MINER: AND THAT SOUTHWEST MARINE DOESN'T
15	INTEND TO PRODUCE ANY OTHER INFORMATION?
16	MR. SCHWARTZ: THAT'S CORRECT.
17	MR. MINER: AND WHAT'S THE BASIS FOR THAT
18	POSITION?
19	MR. SCHWARTZ: THIS IS NOT MY DEPOSITION.
20	MR. MINER: WELL, I KNOW, BUT MR. ENGLE SAID
21	THAT HE REFERRED THE MATTER OF THE RESPONSE TO THE DOCUMENT
22	REQUEST TO YOU.
23	MR. SCHWARTZ: WELL, LET'S GO OFF THE RECORD
24	AGAIN.
25	THE REPORTER: OFF THE RECORD?

1	MR. MINER: THAT'S FINE.
2	(DISCUSSION OFF THE RECORD.)
3	MR. MINER: LET'S GO BACK ON THE RECORD,
4	PLEASE.
5	BY MR. MINER:
6	Q. AS I UNDERSTAND IT, THEN, MR. ENGLE, THE
7	DOCUMENT REQUEST, ITEMS 1 THROUGH 5 ON PAGE 2 OF EXHIBIT 1,
8	YOU'VE LOOKED AT THOSE, REVIEWED THOSE REQUESTS, AND
9	SOUTHWEST MARINE DOES NOT HAVE ANY DOCUMENTS IN ITS
10	POSSESSION THAT RESPOND TO THOSE REQUESTS?
11	A. THAT'S CORRECT.
12	Q. THERE'S A TRIAL IN THIS CASE, MR. ENGLE, WHICH
13	IS BETWEEN IT'S A SUIT BROUGHT BY WEST STATE, INC., A
14	PORTLAND SHIP REPAIR CONTRACTOR, AGAINST THE PORT OF
15	PORTLAND. THERE'S A TRIAL SCHEDULED ON AUGUST 6TH.
16	LET ME ASK YOU: DO YOU INTEND TO VOLUNTARILY
17	APPEAR, IF WE ASKED YOU, IF WEST STATE ASKED YOU, DO YOU
18	INTEND TO VOLUNTARILY APPEAR AS A WITNESS AT THAT TRIAL ON
19	AUGUST 6 IN PORTLAND?
20	A. NO.
21	Q. HAVE YOU BEEN ASKED BY EITHER THE PORT OF
22	PORTLAND OR ANYONE ELSE TO APPEAR AT THAT TRIAL?
23	A. NO.
24	Q. HAVE YOU BEEN ENGAGED AS A TEXT AS AN
25	EXPERT BY THE PORT OF PORTLAND?

1	A. NO.
2	Q. COULD YOU GIVE ME YOUR EDUCATIONAL BACKGROUND,
3	EXTENT OF YOUR EDUCATION A BACKGROUND?
4	A. (b) (6)
5	(b) (6)
6	Q. WHEN WAS THAT?
7	A. (b) (6)
8	Q. HAVE YOU HAD ANY FORMAL EDUCATION BEYOND THAT?
9	A. OH, I'VE TAKEN A FEW CLASSES HERE AND THERE,
10	BEEN TO SEMINARS, BUT I DIDN'T CONTINUE PAST THE BACHELOR OF
11	ARTS DEGREE.
12	Q. COULD YOU START AT THE BEGINNING AND GIVE ME,
13	IN GENERAL TERMS, THE EXTENT OF YOUR BACKGROUND IN THE SHIP
14	REPAIR BUSINESS?
15	A. WELL, MY FAMILY WAS IN THE SHIP REPAIR
16	BUSINESS, SO I GREW UP IN IT. (b) (6)
17	(b) (6)
23	Q. IN WHAT CAPACITY WERE YOU WORKING THERE IN '76
24	WHEN YOU RESIGNED?
25	A. I WAS A GENERAL MANAGER OF A COMPANY IN SAN

<u>.</u>	DIEGO THAT THEY OWNED.
2	Q. A COMPANY THAT WAS A SUBSIDIARY OF TRIPLE A
3	MACHINE?
4	A. YES.
5	Q. HOW LONG DID YOU ACT AS THE GENERAL MANAGER O
6	THAT COMPANY?
7	A. ABOUT, I GUESS, FIVE YEARS.
8	Q. SINCE 1976 WHEN SOUTHWEST MARINE STARTED?
9	A. YES.
10	Q. AND YOU'VE BEEN AN OWNER OR ONE OF THE OWNERS
11	OF THAT COMPANY SINCE ITS INCEPTION?
12	A. YES.
13	Q. DID THAT COMPANY ALWAYS OPERATE OUT OF
14	SAN DIEGO? IS THAT WHERE ITS LOCATION
15	A. IT'S HEADQUARTERS, LOCATION HAS ALWAYS BEEN
16	SAN DIEGO.
17	Q. TO WHAT EXTENT HAVE YOU BEEN INVOLVED IN THE
18	SHIP REPAIR BUSINESS IN PORTLAND, OREGON?
19	A. IN THE SHIP REPAIR BUSINESS?
20	Q. RIGHT.
21	A. WELL, I OCCASIONALLY GO TO PORTLAND. I REVIEW
22	OUR
23	Q. HAVE YOU
24	A ACTIVITIES UP THERE.
25	Q. PRIOR TO APRIL OF 1989, WERE YOU AN OWNER OF

1	ANY COMPANY THAT DID SHIP REPAIR BUSINESS OUT OF THE
2	PORTLAND SHIP REPAIR YARD?
3	A. NO.
4	Q. IS IT FAIR TO SAY THAT ONLY SINCE APRIL OF '89
5	YOU'VE HAD AN OWNERSHIP INTEREST IN A COMPANY THAT DOES SHIP
6	REPAIR WORK AT THE PORTLAND SHIP REPAIR YARD?
7	A. IF THAT'S THE DATE WE ACQUIRED NORTHWEST
8	MARINE
9	Q. RIGHT.
10	A IT'S FAIR TO SAY THAT.
11	Q. RIGHT.
12	A. I DON'T KNOW THE DATE WE ACQUIRED NORTHWEST
13	MARINE.
1. 4	Q. IT'S ROUGHLY APRIL, '89. I'VE BEEN USING
15	APRIL, '89.
16	A. THAT'S FINE.
17	Q. PRIOR TO THAT DATE, THEN, YOU DID NOT HAVE ANY
18	BUSINESS THAT YOU WERE UNDERTAKING IN A COMPANY IN WHICH YOU
19	WERE AN OWNER AT THE PORTLAND SHIP REPAIR YARD?
20	A. THAT'S CORRECT.
21	Q. "PRIOR TO THAT DATE" MEANING APRIL OF '89.
22	NOW, HAD YOU ATTEMPTED, BEFORE THE PURCHASE OF
23	NORTHWEST MARINE'S STOCK IN APRIL OF '89, HAD YOU ATTEMPTED
24	TO START UP OR BECOME AN OWNER OF AN EXISTING SHIP REPAIR
25	COMPANY IN PORTLAND?

COMPANY IN PORTLAND?

1	A. IN PORTLAND?
2	Q. IN PORTLAND.
3	A. NO. I HAD NOT.
4	Q. ANY SPECIFIC REASON WHY YOU HADN'T ATTEMPTED
5	PRIOR TO APRIL OF '89 TO DO THAT?
6	A. I'D LOOKED AT THE NORTHWEST; I LOOKED AT
7	SEATTLE, AND CONSIDERED SEATTLE A VIABLE OPPORTUNITY, A GOOD
8	MARKETPLACE, COMPARABLE TO PORTLAND; AND I HAD BEEN
9	APPROACHED AT ONE TIME BY DILLINGHAM, WHICH WAS OPERATING IN
10	THE PORTLAND AREA, WHEN THEY WERE GOING TO LIQUIDATE.
11	Q. WHAT WAS
12	A. AND THEY WERE PRIMARILY IN THE SHIP
13	CONSTRUCTION BUSINESS, AS I RECALL, AND MY EXPERTISE IS IN
14	SHIP REPAIR.
15	Q. IS THAT THE REASON THEN WHY THAT
16	A. IT DIDN'T GO THROUGH. IT DIDN'T SUIT WHAT THEY
17	REALLY WANTED TO DO.
18	Q. WERE THERE ANY OTHER POSSIBLE DEALS LIKE THAT
19	PRIOR TO APRIL OF '89, OTHER THAN THE DILLINGHAM
20	POSSIBILITY, THAT YOU CONSIDERED?
21	MR. RANDLES: AT PORTLAND SHIP REPAIR YARD?
22	MR. MINER: AT PORTLAND. WE'RE JUST TALKING
23	ABOUT P.S.R.Y.
24	THE WITNESS: NO.
25	

1	BY MR.: MINER:
2	Q. HAD YOU BEEN ACTIVELY PURSUING, PRIOR TO APRIL
3	OF '89, OTHER EITHER EXISTING CONTRACTORS AT THE PORTLAND
4	YARD OR ANOTHER COMPANY IN THE BUSINESS WHO WAS INTERESTED
5	IN STARTING AT THE PORTLAND SHIP REPAIR YARD?
6	A. NO.
7	WELL, I SHOULD CORRECT THAT BECAUSE YOU'RE
8	USING THE DATE OF APRIL.
9	Q. YES.
1.0	A. I FIRST STARTED TALKING ABOUT PORTLAND IN
11	DECEMBER OF 1988.
12	MR. SCHWARTZ: THAT'S CLEAR.
13	MR. RANDLES: AND, GREG, FOR THE RECORD, TOO,
1.4	WHILE THE DEBT SETTLEMENT AGREEMENT WITH THE PORT WAS APRIL
15	OF '89, I DON'T KNOW IF THE STOCK AGREEMENT THERE WAS
16	ACTUALLY A LETTER AGREEMENT PRIOR TO THAT TIME. WHEN THE
17	STOCK AGREEMENT WAS FINALIZED, I THINK, WAS AFTER THAT.
18	MR. SCHWARTZ: CLOSING.
19	MR. MINER: RIGHT. THE REASON I USED THE
20	APRIL, '89 DATE WAS BECAUSE THAT WAS WHEN THE PORT
21	COMMISSIONERS HAD TO APPROVE AND THAT WAS THE DATE OF THE
22	DEBT SETTLEMENT AGREEMENT BETWEEN THE PORT, SOUTHWEST MARINE
23	AND NORTHWEST MARINE, THE FORMAL WRITTEN AGREEMENT CALLED
24	THE DEBT SETTLEMENT AGREEMENT. BUT THERE WAS A LETTER OF

25 INTENT SIGNED IN FEBRUARY OF '89 BETWEEN YOUR COMPANY AND

1	NORTHWEST MARINE. THAT'S TRUE?
2	THE WITNESS: RIGHT. AND I ORIGINALLY STARTED
3	MY DISCUSSIONS IN DECEMBER OF 1988.
4	BY MR. MINER:
5	Q. DID MR. ZAVIN, WILLIAM ZAVIN, FROM NORTHWEST
6	MARINE APPROACH YOU ABOUT THOSE DISCUSSIONS?
7	DID HE START THE DISCUSSIONS?
8	A. HE CAME AND HE SAW ME.
9	Q. AND WHAT WAS IT ABOUT NORTHWEST MARINE THAT GOT
10	YOU INTERESTED?
11	A. WELL, WHAT GOT ME INTERESTED WAS THE SAME THING
12	AS THE REASON WHY I LOOKED AT LOCKHEED A YEAR BEFORE, IS WE
13	WERE VERY INTERESTED IN THE NORTHWEST COMMERCIAL
14	MARKETPLACE. AND SOUTHWEST MARINE'S FIVE-YEAR PLAN CALLED
15	FOR US TO SHIFT OUR SALES MIX FROM ALMOST 90 PERCENT
16	GOVERNMENT TO SOMETHING AROUND 50 PERCENT GOVERNMENT. NOW,
17	YOU EITHER DO THAT BY REDUCING GOVERNMENT OR BY INCREASING
18	YOUR COMMERCIAL SALES.
19	Q. DID I UNDERSTAND YOU TO SAY, THEN, THE
20	FIVE-YEAR PLAN OF NORTHWEST MARINE
21	A. NO. SOUTHWEST MARINE.
22	Q. I'M SORRY. FIVE-YEAR PLAN OF SOUTHWEST MARINE
23	CALLED FOR A SHIFT FROM BEING DEPENDENT ON 90 PERCENT
24	GOVERNMENT REPAIR WORK TO A 50/50 GOVERNMENT AND COMMERCIAL?

25

A.

YES.

1	Q. AND NORTHWEST MARINE NORTHWEST MARINE
2	HISTORICALLY HAD EMPHASIZED ON COMMERCIAL WORK MUCH MORE
3	THAN SOUTHWEST MARINE?
4	A. YES.
5	Q. CAN YOU TELL ME WHY THE STOCK BUY-OUT WAS THE
б	METHOD USED TO PURCHASE NORTHWEST MARINE?
7	MR. RANDLES: I OBJECT BECAUSE YOU'VE NOT LAID
8	A FOUNDATION AS TO WHAT ALTERNATIVES THERE WERE, WHAT CAME
9	INTO PLAY, YOU KNOW, AT WHAT POINT.
0	I MEAN, WHAT FACTUAL ASSUMPTIONS ARE YOU MAKING
.1	IN SAYING THAT STOCK PURCHASE WAS SELECTED AS OPPOSED TO
2	OTHERS? THERE MIGHT HAVE BEEN ALL SORT OF OPPORTUNITIES
. <del>.</del>	THAT WHITTLED DOWN TO THE FINAL ONE.
4	BY MR. MINER:
5	Q. LET ME ASK YOU THIS: DID SOUTHWEST MARINE HAVE
Ď	THE OPPORTUNITY TO SIMPLY BUY NORTHWEST MARINE'S ASSETS
.7	RATHER THAN PURCHASE ITS STOCK?
.8	MR. RANDLES: OBJECT. NO FOUNDATION.
.9	MR. SCHWARTZ: YEAH.
.0	BY MR. MINER:
.1	Q. YOU WERE INVOLVED IN THE NEGOTIATIONS?
2	A. I WAS INVOLVED IN THE NEGOTIATIONS, RIGHT.
23	ULTIMATELY WE COULD HAVE, IF THE COMPANY WERE TO FOLD AND GO
24	INTO CHAPTER 7 RECEIVERSHIP, I COULD HAVE BOUGHT IT IN THE
25	BANKRUPTCY COURT AND I WOULD HAVE MADE AN ASSET PURCHASE.

1	Q. WAS THERE A REASON DID YOU HAVE A PREFERENCE
2	TO MAKE A STOCK PURCHASE RATHER THAN ALLOWING THAT PROCEDURE
3	TO TAKE PLACE?
4	MR. RANDLES: OBJECTION. NO FOUNDATION AGAIN.
5	THE REPORTER: COULD YOU PLEASE SPEAK UP? THE
6	OUTSIDE NOISE IS PRETTY BAD OVER HERE.
7	MR. RANDLES: OBJECTION. LACK OF FOUNDATION;
8	ON THE SAME BASIS AS I MADE BEFORE.
9	BY MR. MINER:
10	Q. MY QUESTION IS: WHY WERE YOU INTERESTED IN THE
11	STOCK PURCHASE AS OPPOSED TO ANY OTHER OPTION THAT MAY HAVE
12	BEEN AVAILABLE?
13	A. WELL, I WAS INTERESTED IN THE STOCK PURCHASE
14	BECAUSE IT PROVIDED THE CONTINUITY OF AN OPERATING BUSINESS.
15	NORTHWEST MARINE WAS OPERATING AT THE TIME. NORTHWEST
16	MARINE HAD SUBMITTED PROPOSALS ON VARIOUS GOVERNMENT
17	CONTRACTS AND IF WE WERE TO MAKE AN ASSET PURCHASE VERSUS A
18	STOCK PURCHASE, WE WOULD JEOPARDIZE NORTHWEST MARINE'S
19	OPPORTUNITY TO BE SUCCESSFUL ON THOSE GOVERNMENT CONTRACTS.
20	AND THEY ALSO HAD, AT THE TIME, NEGOTIATED A LONG-TERM
21	RELATIONSHIP WITH CUNARD FOR THE OVERHAUL OF CERTAIN CRUISE
22	SHIPS, WHICH WOULD HAVE BEEN SUBJECT TO REVIEW IF NORTHWEST
23	MARINE WAS TO CEASE BUSINESS UNDER THAT CURRENT NAME.
24	Q. DID YOU HAVE ANY IDEA WHETHER, IF THAT HAD

OCCURRED, IF NORTHWEST MARINE HAD CEASED BUSINESS, YOUR

25

1	COMPANY WOULD HAVE BEEN ABLE TO GET OR STEP INTO THE
2	SHOES OF NORTHWEST MARINE ON THAT LONG-TERM CUNARD CONTRACT?
3	MR. RANDLES: OBJECTION. NO FOUNDATION. YOU
4	HAVEN'T STATED THE PARAMETERS ADEQUATELY.
5	MR. MINER: I'M SORRY?
6	MR. RANDLES: YOU HAVEN'T STATED THE PARAMETERS
7	ADEQUATELY. I THINK YOU'RE CALLING FOR HIM TO SPECULATE
8	UNLESS YOU LAY OUT THE FACTUAL SCENARIO.
9	THE WITNESS: AGAIN I'D BE SPECULATING. I
10	DON'T KNOW THE ANSWER TO THAT.
11	BY MR. MINER:
12	Q. I WONDERED IF YOU HAD EXPLORED THAT.
13	A. NO, I HAD NOT EXPLORED THAT.
14	I KNOW I EXPLORED IT WITH THE NAVY AND THE NAVY
15	TOLD US IF THE CONTRACT IF NORTHWEST MARINE CEASED TO BE
1.6	IN EXISTENCE, THAT THE CONTRACT AND THE SUBMITTALS OF THEIR
17	BIDS WOULD BE CONSIDERED NOT VALID.
18	Q. HAD YOU EXPLORED THAT WITH ANY OF THE OTHER
19	OWNERS OF SHIPS WHERE NORTHWEST MARINE HAD EXISTING
20	CONTRACTS?
21	YOU MENTIONED CUNARD. YOU MENTIONED THE NAVY.
22	CAN YOU RECALL WHETHER THERE ARE ANY OTHER
23	A. THEY HAD A RELATIONSHIP WITH WEST COAST
24	SHIPPING. I DIDN'T EXPLORE ANYTHING WITH WEST COAST
25	SHIPPING.

1	Q. DO YOU HAVE ANY REASON TO BELIEVE THAT LET'S
2	TAKE WEST COAST SHIPPING THAT YOU COULD HAVE STEPPED INTO
3	NORTHWEST MARINE'S EXISTING CONTRACTS WITH WEST COAST
4	SHIPPING IF, IN FACT, NORTHWEST MARINE HAD GONE OUT OF
5	BUSINESS AND YOU HADN'T DONE A STOCK PURCHASE?
6	MR. SCHWARTZ: ASSUMING FACTS THAT ARE NOT, TO
7	MY KNOWLEDGE, IN EVIDENCE. I DON'T KNOW IF THERE WERE ANY
8	CONTRACTS IN EXISTENCE AT THE TIME.
9	THE WITNESS: I DON'T THINK SO.
10	MR. MINER: LET'S
11	THE WITNESS: THERE WAS NO CONTRACT IN
12	EXISTENCE. THERE WAS A RELATIONSHIP IN EXISTENCE. WEST
13	COAST SHIPPING CONTRACTS GO CONTRACT TO CONTRACT SHIP TO
14	SHIP.
15	BY MR. MINER:
16	Q. NORTHWEST MARINE DID HAVE A LONG RELATIONSHIP
17	WITH WEST COAST SHIPPING?
18	A. RELATIONSHIP, CORRECT.
19	Q. HAD YOUR COMPANY, SOUTHWEST MARINE, PRIOR TO
20	FEBRUARY OF '89, DONE ANY WORK FOR WEST COAST SHIPPING?
21	A. I DON'T KNOW.
22	Q. HAD YOU DONE SHIP REPAIR WORK, SOUTHWEST MARINE
23	DONE REPAIR WORK, FOR CUNARD LINES?
24	A. I THINK WE DID SOME CUNARD WORK IN LOS ANGELES
25	AT ONE TIME.

1.	Q. WHAT ADOUT HOUDIAND AMERICA CROIDE DINE:
2	A. I DON'T KNOW.
3	Q. DO YOU KNOW IF, IN APRIL EXCUSE ME IN
4	FEBRUARY OF '89 HAD YOUR COMPANY, SOUTHWEST MARINE, DID
5	WORK HAD THEY DONE WORK FOR HOLLAND AMERICA
6	A. I DON'T KNOW.
7	Q AS OF THAT DATE?
8	A. I DON'T KNOW IF WE HAD OR NOT.
9	Q. ONE OF THE ATTRACTIVE ONE OF THE
10	ATTRACTIONS, THEN, WITH THE STOCK PURCHASE WAS THE ABILITY
11	TO BUY A GOING CONCERN, NORTHWEST MARINE AS A GOING CONCERN,
12	WITH THEIR CONTRACTS IN PLACE; IS THAT A FAIR STATEMENT?
13	MR. SCHWARTZ: WELL
14	THE WITNESS: THEIR RELATIONSHIPS IN PLACE.
15	MR. SCHWARTZ: AND THEIR OUTSTANDING BIDS?
16	MR. MINER: THAT WAS MY NEXT QUESTION.
17	BY MR. MINER:
18	Q. THERE WERE CAN YOU RECALL WHETHER OR NOT
19	THERE WERE ANY OUTSTANDING BIDS THAT NORTHWEST MARINE HAD AT
20	THAT TIME?
21	A. THERE WERE.
22	MR. RANDLES: THE TIME YOU'RE TALKING ABOUT IS
23	APRIL, '89?
24	BY MR. MINER:
25	Q. IN THE TIME FRAME, LET'S SAY, WHEN THE LETTER

1	OF INTENT WAS SIGNED WITH NORTHWEST MARINE IN FEBRUARY OF
2	'89 UP THROUGH WHEN THE INK WAS DRYING ON THE DEBT
3	SETTLEMENT AGREEMENT.
4	A. THERE WERE CONTRACTS, RIGHT.
5	MR. SCHWARTZ: THERE WERE BIDS?
6	MR. MINER: THERE WERE BIDS?
7	THE WITNESS: THERE WERE BIDS, PROPOSALS.
8	BY MR. MINER:
9	Q. WAS THERE WORK CAN YOU RECALL WHETHER THERE
10	WAS WORK THAT NORTHWEST MARINE ANTICIPATED BIDDING ON, BIDS
11	WEREN'T IN YET BUT THEY WERE WORKING ON GETTING THEIR BID
12	TOGETHER, WHICH ALSO WOULD HAVE STAYED IN PLACE, SO TO
13	SPEAK, IF THE STOCK PURCHASE HAD GONE THROUGH?
14	MR. RANDLES: OBJECTION. I DON'T KNOW WHAT YO
15	MEAN, "STAYED IN PLACE". WORK THAT THEY WOULD HAVE
16	ANTICIPATED BIDDING? WHAT'S TO STAY IN PLACE?
17	BY MR. MINER:
18	Q. DID YOU LOOK AT OR EXPLORE WHETHER THE JOBS
19	THAT NORTHWEST MARINE WAS PREPARING TO BID ON AT THAT TIME,
20	WHETHER YOU, SOUTHWEST MARINE, COULD HAVE STEPPED INTO
21	NORTHWEST MARINE'S SHOES THERE AND JUST CONTINUED WITH THAT
22	BID WORK AND GO AHEAD AND BID?
23	A. I LOOKED AT THE CONTINUING OPERATIONS SIDE OF
24	IT AND THAT'S THE EVALUATION THAT WE MADE; CONTINUING

OPERATIONS, BECAUSE THE EMPLOYEES WERE IN PLACE, WAS AN

1	ADVANTAGE TO SOUTHWEST MARINE.
2	Q. THE LABOR FORCE THAT NORTHWEST MARINE HAD AND
3	IT BEING IN PLACE WAS ANOTHER CONSIDERATION THAT YOU GAVE
4	TOWARD DECIDING TO FOLLOW THE STOCK PURCHASE?
5	A. NO.
6	Q. WHAT DID YOU MEAN THEN WHEN YOU SAID JUST A
7	MINUTE AGO ABOUT THE LABOR FORCE BEING IN PLACE?
8	A. I MEANT THE OVERHEAD STRUCTURE OF THE LABOR,
9	THE MANAGEMENT, THE ESTIMATING, THE PURCHASING PEOPLE, THE
10	QUALITY ASSURANCE PEOPLE
11	Q. WAS IT
12	A NOT THE LABOR FORCE MEANING THE UNION LABOR
13	FORCE, PER SE.
14	Q. DID YOU ALSO CONSIDER IN THE CONTINUING IN
15	EVALUATING THE CONTINUING OPERATIONS SIDE OF NORTHWEST
16	MARINE THAT NORTHWEST MARINE HAD AN EXISTING USE AGREEMENT
17	WITH THE PORT?
18	A. THAT DIDN'T MEAN MUCH TO ME.
19	Q. WHY WAS THAT?
20	A. I FIGURED ANYBODY COULD GET A USE AGREEMENT
21	WITH THE PORT.
22	Q. AND WHY DO YOU SAY THAT, OR WHY DID YOU BELIEVE
23	THAT BACK THEN?
24	A. WELL, THE PORT

WAS IT SOMETHING THAT THE PORT --

1	A. THE PORT HAD ACTIVELY, FOR YEARS, SOLICITATED
2	ADDITIONAL PEOPLE TO OPERATE OUT OF THEIR YARD.
3	Q. HAD THEY EVER SOLICITATED SOUTHWEST MARINE
4	PRIOR TO FEBRUARY OF '89? NOT THAT THEY DID EVER, BUT HAD
5	THEY EVER?
6	MR. SCHWARTZ: PORT OF PORTLAND?
7	MR. MINER: PORT OF PORTLAND.
8	THE WITNESS: THEY MAY HAVE. I'VE BEEN TO
9	PORTLAND A FEW TIMES AND LOOKED AT THE FACILITIES UP THERE.
LO	BY MR. MINER:
11	Q. YOU FELT, FROM THOSE DISCUSSIONS THAT YOU HAD
12	IN WHEN YOU LOOKED AT THE FACILITIES, THAT IT WAS
1 3	RELATIVELY EASY FOR A SHIP REPAIR CONTRACTOR TO ENTER INTO A
14	USE AGREEMENT WITH THE PORT?
15	A. YES.
16	Q. DO YOU KNOW WHETHER THE PORT AGAIN WE WERE
17	TALKING ABOUT PORTLAND, P.S.R.Y WAS NEGOTIATING WITH
18	ANYONE ELSE AT THE TIME TO ISSUE THEM A USE AGREEMENT OR TO
19	GET A NEW CONTRACTOR IN PORTLAND AT THE TIME THAT YOU
20	COMPLETED THE STOCK BUY-OUT OF NORTHWEST MARINE?
21	A. WERE THEY DOING THAT? I DON'T KNOW IF THEY
22	WERE OR NOT. I KNOW FOR YEARS THEY RAN AROUND AND TRIED TO
23	GET PEOPLE TO BE SHIP REPAIRERS OR SHIP BUILDERS IN THEIR
24	FACILITIES.

WERE THERE ANY OTHER OPTIONS THAT YOU

25

Q.

1	CONSIDERED IN ORDER TO GAIN ENTRY INTO P.S.R.Y. OTHER THAN
2	THE STOCK PURCHASE OF NORTHWEST MARINE?
3	A. YES. I WOULD HAVE BOUGHT THE ASSETS. I WOULD
4	HAVE BOUGHT NORTHWEST MARINE'S ALL OF THEIR ASSETS FROM
5	THE BANKRUPTCY COURT, WALKED DOWN TO THE PORT AND SAID HERE
6	I AM. I WANT A NEW USE AGREEMENT.
7	Q. AND HAD YOU DONE HAD YOU UNDERTAKEN WHAT YOU
8	THOUGHT WAS A LIQUIDATION ANALYSIS TO SEE WHAT YOU WOULD
9	HAVE HAD TO PAY TO BUY IN A BANKRUPTCY COURT
0	A. I DID SOME PRELIMINARY REVIEWS AT IT AND I
.1	THINK I WOULD HAVE SAVED A LOT OF MONEY.
.2	Q. DO YOU KNOW WHETHER YOU STILL HAVE THOSE ARE
.3	THEY IN WRITTEN FORM?
4	A. NO.
.5	Q. DID YOU SHARE THOSE WITH THE PORT?
.6	A. I TOLD WHAT'S THAT GUY'S NAME WHO IS THE
.7	PORT DIRECTOR?
8	MR. RANDLES: ROBERT WOODELL?
9	MR. MINER: WOODELL?
0	THE WITNESS: WOODELL, YEAH, IF I WAS NOT TO
1	PUT A SUCCESSFUL DEAL TOGETHER TO ACQUIRE NORTHWEST MARINE'S
2	STOCK, THAT I WOULD BUY THE COMPANY OUT OF BANKRUPTCY
3	DIRECTLY FROM THE RECEIVER. BECAUSE IT WAS GOING INTO
4	BANKRUPTCY. THERE WAS NO QUESTION.

///

1	BY MR. : MINER:
2	Q. AND YOU WOULD HAVE DONE THAT IT SOUNDS LIKE
3	YOU WERE ABSOLUTELY CONVINCED AT THE TIME THAT YOU WOULD
4	HAVE DONE THAT, IN SPITE OF WHAT YOU HAD FOUND OUT ABOUT NOT
5	BEING ABLE TO GET THE EXISTING NAVY
6	A. YEAH, I WOULD HAVE. NO QUESTION.
7	Q CONTRACTS AND THE EXISTING LONG-TERM
8	CUNARD
9	A. YEP.
10	MR. RANDLES: WELL, I OBJECT. THERE'S NO
11	TESTIMONY HE DIDN'T TESTIFY THAT THAT LONG-TERM
12	RELATIONSHIP MIGHT NOT HAVE BEEN TRANSFERRED TO HIM IF HE
13	HAD GOT THE RIGHT EMPLOYEES. HE JUST SAID THE EXISTING NAVY
14	CONTRACT BIDS WOULD HAVE BEEN VOIDED.
15	THE WITNESS: I PAID A PREMIUM FOR CONTINUITY.
16	BY MR. MINER:
17	Q. I THINK YOU'RE RIGHT. ALL YOU SAID ABOUT
18	CUNARD WAS, AS I RECALL AND CORRECT ME IF I'M WRONG, THAT
19	YOU DIDN'T EXPLORE WITH CUNARD WHETHER OR NOT THAT LONG-TERM
20	DEAL THAT WAS JUST PUT TOGETHER WITH NORTHWEST MARINE COULD
21	EASILY BE TRANSFERRED TO SOUTHWEST MARINE.
22	A. I DID NOT EXPLORE THAT, THAT'S CORRECT.
23	Q. DO YOU KNOW WHAT IT WAS ABOUT THAT LONG-TERM
24	RELATIONSHIP THAT WHAT WAS IT ABOUT NORTHWEST MARINE THAT
25	CALICED CINARD MO ENMED THMO MUAM LONG_MERM DELAMIONCUIDO

1	A. I THINK PROBABLY THAT THEY FELT THAT NORTHWEST
2	MARINE WAS THE LEADING SHIP REPAIRER IN THE PORT OF PORTLANI
3	AND HAD THE GREATEST MANAGEMENT DEPTH AND NECESSARY
4	EQUIPMENT TO DO THE WORK.
5	Q. WHAT ABOUT NORTHWEST MARINE'S TANKER BUSINESS,
6	PRINCIPALLY WITH THE WELL KNOWN OIL COMPANIES, WERE THOSE
7	WERE ANY EXISTING CONTRACTS THAT NORTHWEST MARINE HAD, DID
8	YOU EXPLORE WHETHER THOSE WERE TRANSFERABLE TO YOUR COMPANY?
9	MR. SCHWARTZ: ASKED AND ANSWERED.
.0	THE WITNESS: I DON'T THINK THEY HAD ANY.
.1	MR. MINER: I'M SORRY, I DIDN'T ASK ABOUT THE
2	TANKER CONTRACTS.
1.3	THE WITNESS: I DON'T KNOW OF ANY CONTRACTS
4	THAT WERE TRANSFERRED. I DON'T KNOW OF ANY CONTRACTS THAT
. 5	WERE IN EXISTENCE. THE ONLY THING I STATED WAS THERE WAS A
16	RELATIONSHIP
17	MR. SCHWARTZ: A RELATIONSHIP.
8	MR. MINER: A RELATIONSHIP?
19	THE WITNESS: A RELATIONSHIP WITH WEST COAST
20	SHIPPING.
21	BY MR. MINER:
22	Q. IN YOUR ANALYSIS THAT YOU DID, IF A BANKRUPTCY
23	LIQUIDATION HAD OCCURRED, THEN DID YOU CONCLUDE THAT ANY
24	TANKER WORK THAT NORTHWEST MARINE HAD WOULD NOT HAVE BEEN
25	TRANSFERRED TO SOUTHWEST MARINE?

1	A. NO, I DID NOI.
2	Q. DID YOUR COMPANY, AS OF, LET'S SAY, BEFORE THE
3	LETTER OF INTENT WAS ENTERED INTO IN FEBRUARY OF '89 WITH
4	NORTHWEST MARINE, DID YOUR COMPANY HAVE A HISTORY OF
5	PERFORMING SHIP REPAIR WORK FOR THE OIL COMPANIES?
6	A. WE HAVE DONE SOME WORK FOR THE OIL COMPANIES
7	BUT MOST OF THE OIL COMPANY WORK IS DONE IN THE PORT OF
3	PORTLAND.
9	Q. WHEN YOU SAID THAT SOUTHWEST MARINE'S FIVE-YEAR
LO	PLAN ADVOCATED A SHIFTING FROM 90 PERCENT RELIANCE ON
1	GOVERNMENT WORK TO 50/50 GOVERNMENT AND COMMERCIAL, WHAT
2	PORTION OF THE COMMERCIAL WORK WAS TANKER, CRUISE SHIP?
13	WAS IT BROKEN DOWN BY PARTS LIKE THAT OR WAS
. 4	SOUTHWEST MARINE JUST TRYING TO GET MORE COMMERCIAL WORK ON
. 5	A GENERAL BASIS?
.6	A. MORE ON A GENERAL BASIS.
.7	Q. DID NORTHWEST MARINE REPRESENT TO SOUTHWEST
. 8	MARINE OPPORTUNITIES THAT SOUTHWEST WOULD HAVE IF IT BOUGHT
.9	NORTHWEST STOCK, WHAT OPPORTUNITIES IT WOULD HAVE TO GAIN
0	MORE WORK IN THE COMMERCIAL AREA?
1	A. REPEAT THE QUESTION.
2	Q. DID NORTHWEST DID BILL ZAVIN OR ANYONE FROM
3	NORTHWEST MARINE INDICATE TO YOU WHAT OPPORTUNITIES, WHAT
4	NEW OPPORTUNITIES, SOUTHWEST MARINE WOULD HAVE TO DO

COMMERCIAL WORK, TO INCREASE ITS COMMERCIAL WORK, IF IT

1	EITHER BOUGHT THE STOCK OR BOUGHT THE ASSETS OF NORTHWEST
2	MARINE?
3	A. BILL ZAVIN ALLUDED TO THE FACT THAT THERE'S
4	OBVIOUSLY A LOT OF COMMERCIAL WORK GOING THROUGH THE PORT OF
5	PORTLAND, WHICH I ALREADY KNEW.
6	Q. WHY DID LOOK AT WHETHER OR NOT THAT
7	COMMERCIAL WORK YOUR COMPANY, SOUTHWEST MARINE, COULD
8	HAVE GOTTEN THAT COMMERCIAL WORK IF NORTHWEST MARINE HAD
9	CEASED TO DO BUSINESS?
10	A. IT COULD NOT HAVE. MY COMPANY, SOUTHWEST
11	MARINE?
12	Q. RIGHT.
13	A. NO. 'CAUSE A LOT OF THAT COMMERCIAL WORK WAS
14	BASED UPON THE FACILITIES AT THE SHIPYARD, NAMELY THE BIG
15	DRY DOCKS.
16	Q. WAS IT BASED ON ANYTHING MORE THAN JUST THAT
17	DRY DOCK NUMBER 4, WHICH IS THE LARGEST ONE?
18	WAS IT JUST THAT DRY DOCK AND THE FACT THAT IT
19	WAS IN PORTLAND, NUMBER 4, THAT YOU'RE TALKING ABOUT WHEN
20	YOU SAY IT WAS BASED ON THE LARGE DRY DOCKS?
21	A. WELL, THAT'S THE PRIMARY MOTIVATING FACTOR TO
22	BRING THE OIL COMPANIES TO PORTLAND.
23	Q. WHAT WAS THE FIRST YEAR OF THAT FIVE-YEAR PLAN
24	THAT YOU WERE TALKING ABOUT? WHEN DID IT RUN, FROM WHEN TO
25	WHEN?

1	A. OH, I STARTED TO LOOK AT IT ABOUT FOUR YEARS
2	AGO. I WAS AWARE THAT I EXPECTED THAT THERE WAS GOING TO BE
3	DECREASES IN MILITARY SPENDING AND
4	Q. SO IT WAS A FIVE-YEAR PLAN THAT RAN, SAY, '87
5	TO '92?
6	A. YEAH. WE SORT OF RIDE A ROLLING FIVE-YEAR
7	PLAN.
8	Q. YOUR ANALYSIS OF NORTHWEST MARINE AS A
9	CONTINUING OPERATION, AS A GOING BUSINESS CONCERN, OTHER
10	THAN THE TANKERS GOING TO PORTLAND BECAUSE OF THE LARGER DRY
11	DOCKS, WERE THERE ANY OTHER SHIPOWNERS THAT YOU CONCLUDED
12	WOULD CONTINUE TO USE PORTLAND SHIP REPAIR YARD FACILITY IN
1.3	THE EVENT THAT NORTHWEST MARINE WENT OUT OF BUSINESS.
14	MR. RANDLES: I OBJECT. I DON'T UNDERSTAND.
15	YOU PUT TOGETHER TWO THOUGHTS. THERE'S NO CAUSE AND EFFECT
6	THERE, GREG. I DON'T
.7	BY MR. MINER:
. 8	Q. DID YOU DO ANY ANALYSIS OF WHETHER WEST COAST
.9	SHIPPING WOULD CONTINUE TO USE PORTLAND SHIP REPAIR YARD IF
20	NORTHWEST MARINE WENT OUT OF BUSINESSES?
21	A. THEY'D HAVE TO. THEY HAVE BIG TANKERS.
22	Q. SO THEY ALSO WOULD HAVE USED THE BIG DRY DOCKS
3	THERE?
24	A. YEAH.

AND DID YOU LOOK AT WHETHER THE CRUISE SHIP

1	LINES, LIKE HOLLAND AMERICA AND CUNARD, WOULD HAVE CONTINUED
2	TO BRING THEIR SHIPS IN PORTLAND EVEN IF NORTHWEST MARINE
3	HAD GONE OUT OF BUSINESS?
4	A. NO.
5	Q. IS THAT IS IT A FACTOR, THE SHIP THE
6	LARGE DRY DOCKS IN PORTLAND, IS THAT A FACTOR AS TO WHY THE
7	CRUISE SHIP LINES USE PORTLAND SHIP REPAIR YARD?
Ė	A. I'M SURE THAT THAT'S A FACTOR, AND PLUS THE
9	FACT THAT PORTLAND HAS A, PROBABLY, 1,500 TO 2,000 SHIPYARD
10	WORKERS AVAILABLE.
:1	Q. HAVE THE LABOR COSTS HISTORICALLY BEEN LOWER IN
12	PORTLAND, WHEN YOU'RE TALKING ABOUT THE LABOR WORK FORCE,
13	THAN IN SAN DIEGO?
14	A. NO.
15	Q. HAVE THE LABOR RATES HISTORICALLY BEEN, AS BID
16	BY CONTRACTORS IN PORTLAND, HAVE THEY BEEN HISTORICALLY
17	LOWER THAN AS BID IN SAN DIEGO SHIPYARDS?
18	A. NO.
19	Q. HOW DO THEY COMPARE WITH EACH OTHER? YOU'RE
20	SAYING THAT THEY'RE COMPARABLE?
21	A. YOU TALKING ABOUT BID RATE, RECOVERY RATE OR
22	TALK ABOUT COST RATE
23	Q. LET'S TALK ABOUT BID RATE.
24	A OR WHAT?
25	Q. I'M SORRY. LET'S TALK ABOUT BID RATE, BID RATE

のできません。 これでは、1918年に

:	FOR LABOR, AND LET'S TALK ABOUT IT WITHOUT OVERHEAD.
2	A. WITHOUT OVERHEAD. THE LABOR RATE THE BID
3	RATE FOR LABOR WITHOUT OVERHEAD IS HISTORICALLY HIGHER IN
4	PORTLAND THAN SAN DIEGO.
5	Q. AND CAN YOU GIVE ME A RANGE OF HOW MUCH HIGHER
6	IT WOULD BE, EITHER AS A PERCENTAGE OR USING A DOLLAR RANGE
7	MR. RANDLES: PER MAN HOUR?
3	THE WITNESS: PER MAN HOUR?
9	MR. MINER: PER MAN HOUR.
: 0	THE WITNESS: MAYBE \$3.
- 4 - 3	BY MR. MINER:
13	Q. AND FOR HOW LONG A PERIOD OF TIME DO YOU THINK
13	IT'S BEEN THAT WAY, \$3 HIGHER?
14	A. IT'S BEEN THAT WAY FOREVER.
15	Q. WHAT ABOUT THE BID RATE FOR LABOR WITH OVERHEAD
16	INCLUDED?
-	A. OH, I CAN'T COMMENT ON THAT BECAUSE I REALLY
18	DON'T KNOW. EACH COMPANY HAS GOT THEIR OWN OVERHEAD
19	STRUCTURE, THEIR OWN DEBT, THEIR OWN CAPITAL AND THEIR OWN
20	DEPRECIATION SCHEDULES.
21	Q. DOESN'T SOUTHWEST MARINE, THOUGH, HAVE A LOWER
22	OVERHEAD THAN THE SHIP REPAIR CONTRACTORS IN PORTLAND
23	BECAUSE SOUTHWEST DOESN'T HAVE TO PAY A SHIPYARD FACILITY
24	LIKE THE PORTLAND CONTRACTORS DO?

SAY THAT AGAIN. I DON'T UNDERSTAND.

1	Q. DOESN'T SOUTHWEST MARINE
2	A. WHEN YOU'RE SAYING "SOUTHWEST", YOU'RE SAYING
3	SAN DIEGO? YOU GOT TO IDENTIFY WHICH LOCATION YOU'RE
4	TALKING ABOUT.
5	Q. I'M SORRY. DOES THE SAN DIEGO LOCATION, THEN,
6	HAVE A LOWER OVERHEAD BECAUSE YOU'RE NOT PAYING A PORT
7	FACILITY, LIKE THE REPAIR CONTRACTORS UP IN PORTLAND ARE
8	PAYING THE PORT OF PORTLAND?
9	A. IT DEPENDS UPON THE NUMBER OF MAN-HOURS I PUT
10	THROUGH SAN DIEGO ON A YEARLY BASIS. I HAVE A FIXED COST
11	WHICH CAN BE SPREAD OUT OVER THE HOURS. IF I DO ENOUGH
12	HOURS, MY RATES CAN DROP SUBSTANTIALLY BELOW PORTLAND. IF I
13	DON'T MAKE MY BUDGET IN HOURS, THEN MY RATES ARE GOING TO BE
14	SUBSTANTIALLY ABOVE PORTLAND.
15	Q. IS IT DIFFERENT IN YOUR OTHER YARDS,
16	SAN FRANCISCO YARD AND YOUR OTHER YARDS, FROM WHAT FROM
17	THE ANSWER YOU JUST GAVE AS TO SAN DIEGO?
18	A. SAN DIEGO IS THE MOST EXTREME BECAUSE OF THE
19	INVESTED CAPITAL IN SAN DIEGO.
20	Q. IS THAT THE LARGEST OF YOUR SHIPYARDS?
21	A. IT DOES THE MOST VOLUME, YEAH; PHYSICALLY THE
22	LARGEST, NO.
23	Q. OVER THE YEARS, I TAKE IT THAT YOUR COMPANY HAS
24	BEEN SUCCESSFUL IN OBTAINING COMMERCIAL WORK SUCCESSFUL,
25	OF COURSE, IS A MATTER OF DEGREE BUT HAS BEEN SUCCESSFUL

1	IN GETTING SOME COMMERCIAL WORK BROUGHT DOWN TO YOUR
2	SHIPYARD RATHER THAN IT GOING TO PORTLAND. IN OTHER WORDS,
3	YOU'VE OUTBID SOME OF THE PORTLAND SHIP REPAIR CONTRACTORS'
4	COMMERCIAL WORK.
5	MR. RANDLES: THIS IS BEFORE NORTHWEST?
6	MR. MINER: YEAH, BEFORE
7	THE WITNESS: ON OCCASION, WE HAVE, YEAH.
ŝ	BY MR. MINER:
9	Q. WHY DO YOU THINK YOU WERE ABLE TO DO THAT ON
10	THOSE OCCASIONS?
11	A. WELL, A LOT OF THE REASONS WHY A SHIPOWNER, A
12	PRIVATE SHIPOWNER, PLACES HIS SHIP IN A FACILITY IS MAYBE
13	IT'S WHERE HE IS DISCHARGING OR LOADING CARGO. WE MAY NOT
14	NECESSARILY HAVE BEEN THE LOW BIDDER, BUT BECAUSE OF THE
15	CARGO DISCHARGE, IF IT'S IN L.A. AND HE HAS ANOTHER PICKUP
16	IN THIS AREA, IT MAY MAKE SENSE FOR HIM TO HAVE THE WORK
17	DONE IN SOUTHERN CALIFORNIA.
18	Q. IT HASN'T BEEN PRICE, THEN, TO YOUR
19	RECOLLECTION?
20	A. WELL, ON THE PRIVATE SIDE
21	Q. PURELY?
22	A. MOST THE TIME IT'S NOT A PUBLIC BID OPENING.
23	YOU SUBMIT A PRICE, THEY DISCUSS IT, AND THEY TALK ABOUT IT,
24	AND THEY AWARD A CONTRACT.
25	Q. AND CONSISTENT WITH YOUR ANSWER JUST A MINUTE

1	AGO, THEN, IT MAY NOT BE PRICE AND THE LOWEST PRICE MAY NOT
2	BE THE DRIVING FACTOR AS TO WHY A CONTRACT IS AWARDED AS TO
3	COMMERCIAL WORK?
4	A. IT'S AS I SAY, IT COULD BE PRICE; IT MAY NOT
5	BE. THEY CERTAINLY DON'T HAVE ANY PROCUREMENT RULES LIKE
٤	THE GOVERNMENT HAS.
7	Q. HOW FAMILIAR ARE YOU LET'S GO BACK TO
ė	FEBRUARY OF '89, DECEMBER OF '88, FEBRUARY OF '89 TIME
9	FRAME. HOW FAMILIAR WERE YOU AT THAT TIME WITH THE BUSINESS
10	OF WEST STATES, INC.?
- :	WHAT DID YOU KNOW ABOUT THEIR OPERATIONS AND
12	THEIR BUSINESS?
13	A. I KNEW THAT THEY WERE ONE OF THE THREE SHIP
14	REPAIR FIRMS OPERATING IN THE PORT OF PORTLAND; AND, AS I
: 5	UNDERSTOOD, THEY WERE SPINOFFS OF THE BREAKUP OF DILLINGHAM,
16	I THINK, OR WILLAMETTE OR SOMEBODY THAT WAS OPERATING UP
. 7	THERE.
8	Q. WAS ONE OF THE OPTIONS YOU CONSIDERED, OTHER
.9	THAN THE STOCK BUY-OUT OF NORTHWEST MARINE, A PURCHASE OF
20	SOME SORT OF WEST STATE AND CASCADE GENERAL?
21	A. WHAT DO YOU MEAN?
22	Q. DID YOU CONSIDER, IN THE DECEMBER,
23	NOVEMBER/DECEMBER, '88 TIME FRAME, BEFORE THE LETTER OF
:4	INTENT WAS SIGNED WITH NORTHWEST MARINE, DID YOU CONSIDER

TRYING TO PUT TOGETHER A DEAL WHERE THERE WOULD BE COMMON

OWNERSHIP OF NORTHWEST MARINE, CASCADE GENERAL AND WEST STATE AND YOU WOULD BE AT LEAST ONE OF THE OWNERS?

- A. NO.
- Q. THAT WAS -- OWNING OR HAVING A COMMON OWNERSHIP
  FOR ALL THREE COMPANIES, THEN, WHETHER THAT WAS UNDER THE
  GUISE OF NORTHWEST MARINE OR SOME OTHER NAME, WAS NOT
  SOMETHING THAT YOU EVER EXPLORED PRIOR TO ENTERING INTO THE
  LETTER OF INTENT WITH NORTHWEST MARINE?
  - A. ME PERSONALLY? NO.
- Q. WERE YOU PART OF A GROUP OF INVESTORS THAT CONSIDERED THAT?
  - A. NO.

15

ĺĒ

13

19

20

21

23

24

25

Q. THE REASON I BRING THAT UP IS BILL ZAVIN

TESTIFIED, IN A DEPOSITION THAT HE GAVE LAST YEAR, THAT

THERE WERE TWO OPTIONS THAT WERE BEING CONSIDERED, AND HE

DIDN'T DIDN'T SAY WHICH ONE CAME UP FIRST, BUT ONE OF THEM

WAS ULTIMATELY WHAT HAPPENED, THE SOUTHWEST PURCHASE OF

NORTHWEST STOCK; AND THE OTHER WAS -- HE REFERRED TO IT AS A

COMMON OWNERSHIP OF ALL THREE SHIP REPAIR CONTRACTORS IN

PORTLAND, NORTHWEST, CASCADE AND WEST STATE.

MR. SCHWARTZ: I BELIEVE MR. ENGLE TESTIFIED
THAT HE HAS NO KNOWLEDGE OF THIS.

MR. RANDLES: PLUS, I OBJECT TO THE QUESTION 'CAUSE I DON'T THINK YOU'VE ADEQUATELY CHARACTERIZED WHAT MR. ZAVIN'S DEPOSITION WAS.

1	MR. MINER: WEDD, TEDD ME NOW I RAVEN I AND
2	MAYBE I CAN TRIGGER SOMETHING HERE THAT WILL.
3	MR. RANDLES: I DON'T WANT TO TRIGGER ANYTHING
4	I DON'T THINK I DON'T THINK HE STATED THAT.
5	I DO THINK HE TESTIFIED THAT THERE HAD HE
6	HAD MADE SOME PRELIMINARY FEELERS TO EITHER CASCADE OR
7	W.S.I. ABOUT POSSIBLE PURCHASES, AND THAT MAYBE AT A
8	PARTICULAR VOLUME LEVEL THE DEAL COULD HAVE BEEN
9	RESTRUCTURED SO THAT SOUTHWEST ASSUMED ALL DEBT. I DON'T
10	THINK HE MENTIONED ANYTHING ABOUT THIS COMMON OWNERSHIP, AN
11	I DON'T THINK HE IN FACT, I THINK HE WENT OUT OF HIS WAY
12	TO SAY THERE WAS NEVER AN ANTICIPATION, WITH SOUTHWEST
13	COMING IN, THAT THERE WOULD BE ONE CONTRACTOR AT THE PORT O
14	PORTLAND. I THINK HE TESTIFIED
15	MR. MINER: I'M SORRY, I DIDN'T SAY ONE
16	CONTRACTOR.
17	MR. RANDLES: I MEAN, THAT'S
18	BY MR. MINER:
19	Q. I WONDERED WHETHER THAT WAS SOMETHING YOU EVER
20	CONSIDERED, WHETHER KEEPING THOSE THREE COMPANIES IN PLACE,
21	IN OTHER WORDS, KEEPING THEM AS OPERATING ENTITIES, AT
22	PORTLAND SHIP REPAIR YARD BUT TRYING TO STRUCTURE A DEAL
23	WHERE THERE WOULD BE COMMON OWNERSHIP WITH YOU INVOLVED AS
24	ONE OF THE OWNERS OF THE THREE. AND YOU'RE SAYING THAT'S
25	SOMETHING YOU NEVER CONSIDERED?

- A. I NEVER CONSIDERED AND NEVER HEARD ABOUT IT.

  Q. WHAT WAS, TO YOUR KNOWLEDGE, WHAT WAS WEST

  STATES' REPUTATION BACK IN THAT DECEMBER, '88/FEBRUARY, '89
- TIME FRAME AS FAR AS THE TYPE OF WORK THAT THEY DID?
- A. I HAVE NO KNOWLEDGE OF THEIR REPUTATION IN THAT TIME FRAME.
  - Q. WHAT ABOUT SINCE THEN?
- A. I UNDERSTAND THEY DO REASONABLY GOOD WORK.

  THEY'VE MANAGED TO GROW AND MANAGED TO BEAT THE HELL OUT OF

  NORTHWEST MARINE ON A LOT OF BIDS.
- Q. DO YOU KNOW WHETHER WEST STATES HAS THE CAPACITY TO DO NAVY WORK?
- A. THEY DON'T HAVE A MASTER SHIP REPAIR CONTRACT.

  BY DEFINITION YOU HAVE TO HAVE A MASTER SHIP REPAIR CONTRACT

  TO BE CONSIDERED FOR NAVY WORK.
  - Q. WHAT DOES THAT ENTAIL? IS THAT SOMETHING WHERE THE NAVY CERTIFIES --
    - A. YES.
    - Q. -- YOU TO BE ONE OF THEIR CONTRACTORS?
- 20 A. YES.

- MR. RANDLES: GREG, I'M SORRY. YOU'RE TALKING
- 22 ABOUT NAVY COMBATANT WORK?
- THE WITNESS: ANY NAVY WORK.
- 24 BY MR. MINER:
- 25 O. IS THAT A DISTINCTION YOU MADE OR --

1	A. NO. ANY NAVY WORK.
2	Q. HOW LONG HAS THAT BEEN THE CASE, THAT YOU
3	NEEDED THAT MASTER SHIP REPAIR CONTRACT
4	A. I DON'T KNOW.
5	Q BEFORE YOU'D BE CONSIDERED TO BE A QUALIFIED
6	BIDDER? THAT'S WHAT I UNDERSTAND
7	A. I DON'T KNOW. MAYBY 40 YEARS, 50 YEARS.
8	Q. ARE THERE ANY TO YOUR KNOWLEDGE, ARE THERE
9	ANY IS THERE ANY COMMERCIAL WORK THAT WEST STATE IS NOT
10	QUALIFIED TO DO OR HASN'T BEEN SINCE YOU TOOK SINCE YOU
11	BOUGHT OUT NORTHWEST MARINE STOCK?
12	MR. RANDLES: OBJECTION. YOU MEAN "QUALIFIED"
13	IN TERMS OF FINANCIAL BONDING OR JUST THEIR ABILITY TO DO
14	THE WORK?
15	MR. MINER: LET'S JUST TALK ABOUT THEIR ABILITY
16	AS FAR AS CAPABILITY.
17	MR. SCHWARTZ: THAT'S ASKING THE WITNESS TO
18	SPECULATE.
19	THE WITNESS: THAT'S EXACTLY RIGHT. I'D HAVE
20	TO SPECULATE. I DON'T KNOW THE ANSWER TO THAT.
21	BY MR. MINER:
22	Q. IS THERE ANY OTHER KIND OF WORK THAT YOU
23	BELIEVE WEST STATE NEEDS TO QUALIFY FOR THROUGH SOME
24	CONTRACTUAL ARRANGEMENT OR THROUGH SOME SPECIAL CAPABILITY
25	OF ITS MANAGEMENT, OF ITS STAFF, THAT IT HASN'T YET

1	QUALIFIED TO DO?
2	A. I UNDERSTAND THERE'S JOBS REQUIRED IN BONDING.
3	NOW I DON'T KNOW THAT MUCH ABOUT WEST STATES' FINANCIAL
4	CAPABILITIES, BUT I DO KNOW IF YOU BID ON THE ALASKAN FERRY
5	SYSTEM, YOU GOT TO PUT UP A BOND.
6	Q. HAD SOUTHWEST EVER WORKED ON ANY ALASKAN FERRY
7	JOBS BEFORE IT BOUGHT NORTHWEST STOCK?
8	A. I THINK WE DID AT ONE TIME. I THINK THEY
9	BROUGHT ONE ONCE DOWN TO SAN DOWN TO LOS ANGELES.
10	Q. DID YOU ACT DID SOUTHWEST, AGAIN BEFORE THE
11	STOCK BUY-OUT, ACTIVELY PURSUE THAT KIND OF WORK?
12	MR. RANDLES: FERRY WORK?
13	MR. MINER: THE ALASKA FERRY WORK.
14	THE WITNESS: WE'RE IN THE BUSINESS OF PURSUING
15	ANYTHING THAT FLOATS. SO IF WE HAD WIND OF IT AND WE GOT AN
16	OPPORTUNITY TO BID ON IT, WE WERE THERE.
17	BY MR. MINER:
18	Q. WAS NORTHWEST MARINE'S BONDING AN ASPECT OF THE
19	STOCK BUY-OUT THAT WAS ATTRACTIVE TO SOUTHWEST MARINE, OR
20	DIDN'T THAT FIGURE INTO YOUR ANALYSIS OF THEIR GOING
21	OPERATION THEIR EXISTING OPERATION?
22	MR. SCHWARTZ: NORTHWEST MARINE'S BONDING
23	CAPABILITIES?
24	MR. MINER: CAPACITY.
25	THE WITNESS: I DON'T THINK NORTHWEST MARINE

1	HAD A BONDING CAPACITY.
2	BY MR. MINER:
3	Q. WELL, AS I UNDERSTAND IT, NORTHWEST MARINE HAD
4	WORKED ON ALASKAN FERRY JOBS, HAD DONE ALASKAN FERRY SHIP
5	REPAIR.
6	MR. RANDLES: IN YEARS PAST?
7	MR. MINER: IN YEARS PAST.
8	THE WITNESS: THEY MAY HAVE. I DON'T KNOW
9	ANYTHING ABOUT IT.
10	BY MR. MINER:
11	Q. BUT YOUR RECOLLECTION IS, REACHING BACK A
12	COUPLE OF YEARS, IS THAT THEY DIDN'T HAVE THE BONDING
13	CAPACITY AT THE TIME?
14	A. I DON'T KNOW IF THEY DID OR THEY DIDN'T. I'M
15	SURE THEY DID NOT HAVE THE BONDING CAPACITY WHEN I STARTED
16	TO LOOK AT THE COMPANY IN DECEMBER OF 1988.
17	Q. LET'S GO BACK FOR A MINUTE TO THE BID RATES
18	THAT WE WERE TALKING ABOUT AND WE WERE COMPARING PORTLAND
19	AND SAN DIEGO, LABOR RATES WITHOUT OVERHEAD, AND YOU SAID
20	THAT, AS I UNDERSTAND IT, THAT HISTORICALLY THERE WAS ABOUT
21	A THREE DOLLAR DIFFERENCE.
22	WERE YOU TALKING ABOUT ACROSS-THE-BOARD
23	GOVERNMENT AND COMMERCIAL WORK, OR WERE YOU JUST THINKING OF
24	ONE SPECIFIC KIND OF WORK?

NO, I'M THINKING -- YOU ASKED THE QUESTION --

1	THE QUESTION WAS WITH REGARD TO DIRECT LABOR. AND DIRECT
2	LABOR IS WHETHER THEY'RE WORKING ON A COMMERCIAL JOB OR A
3	GOVERNMENT JOB, IT'S THE SAME PEOPLE.
4	Q. THE GOVERNMENT PUBLISHES THE SUCCESSFUL BID
5	RATE FOR DIRECT LABOR ON CONTRACTS THAT IT AWARDS, DOESN'T
6	IT?
7	A. IT DOES? NOT TO MY KNOWLEDGE.
8	Q. I THOUGHT THAT THE GOVERNMENT HAD A COMMERCIAL
9	PUBLICATION WHERE THAT WHERE THE SUCCESSFUL BID RATE FOR
10	LABOR WAS PUBLISHED.
11	A. NOT TO MY KNOWLEDGE. IF YOU BID A LABOR-ONLY
12	CONTRACT, THEY MAY, BUT I'M NOT IN THAT BUSINESS.
13	Q. DO THE DIRECT LABOR RATES THAT ARE BID ON
14	GOVERNMENT JOBS INFLUENCE WHAT DIRECT LABOR RATES ARE USED
15	FOR COMMERCIAL?
16	A. NO.
17	MR. RANDLES: EXCUSE ME, GREG. WHAT DO YOU
18	MEAN "INFLUENCE"?
19	MR. MINER: WELL
20	MR. RANDLES: YOU KNOW, I THOUGHT HE TESTIFIED
21	THEY WERE THE SAME, IT DIDN'T MAKE ANY DIFFERENCE IF YOU'RE
22	IN THE COMMERCIAL ARENA OR IF YOU'RE TALKING ABOUT
23	WHETHER IT'S A GOVERNMENT JOB, WHETHER IT'S A COMMERCIAL
24	JOB, IT'S JUST WHAT YOU PAID THE WORKER DIRECTLY.

///

25

しょうこう でんか 郷して 中で 子を変えて しょう 魔婦できるし しょていきん しょうしゅ 選げ

1	BY MR. MINER:
2	Q. YOU DON'T HAVE A SEPARATE OR DIFFERENT WAY OF
3	CALCULATING WHAT YOUR DIRECT LABOR RATE YOU'RE GOING TO BID
4	IS?
5	A. NO.
6	Q. ARE THE PREMIUM RATES FOR LABOR ANY HIGHER IN
7	PORTLAND AS COMPARED TO SAN DIEGO? LET'S TALK ABOUT AS BID.
8	A. YOU TALKING ABOUT PREMIUM, WHAT WE CALL TIME
9	AND A HALF OR DOUBLE TIME?
10	Q. OVERTIME, THAT'S RIGHT.
11	MR. SCHWARTZ: DON'T SPECULATE IF YOU'RE NOT
12	SURE.
13	THE WITNESS: I THINK IT'S THE SAME.
14	BY MR. MINER:
15	Q. AGAIN, I'M GOING BACK, JUST TO PUT THIS IN
16	CONTEXT, I'M GOING BACK. WE WERE TALKING ABOUT THE THREE
17	DOLLAR DIFFERENTIAL.
18	A. IT'S A BALLPARK FIGURE.
19	Q. I'M JUST
20	A. MAKE SURE OF THAT. I'M NOT HERE WITH LABOR
21	STATISTICS CHARTS.
22	Q. I UNDERSTAND.
23	A. AND I THINK IT'S ABOUT THE SAME, THE OVERTIME.
24	Q. YOU THINK IT'S ABOUT A THREE DOLLAR DIFFERENCE
25	RETWEEN SAN DIECO AND POPTIAND IN DIRECT LAROR PATES

STREET TO THE PROPERTY OF THE

Ţ	A. RIGHT.
2	Q. BY THE HOUR?
3	A. BY THE HOUR.
4	Q. WHAT DO YOU THINK IS THE REASON FOR THAT
5	DIFFERENTIAL IN RATES, OR REASONS?
6	A. THE WAGE RATE IS SLIGHTLY LOWER, DIRECT WAGE
7	RATE IS SLIGHTLY LOWER, IN SAN DIEGO THAN PORTLAND; AND THE
8	BENEFIT PACKAGES, BECAUSE WE DO THEM IN-HOUSE HERE, ARE
9	CHEAPER TO ADMINISTER THAN PAYING THE UNIONS IN PORTLAND.
10	Q. HAVE YOU HEARD PEOPLE SAY JUST THE OPPOSITE?
11	HAVE YOU HEARD PORTLAND REPAIR CONTRACTORS SAY
12	THAT DIRECT LABOR RATES ARE CONSIDERABLY LOWER IN PORTLAND
13	THAN SAN DIEGO?
14	A. I DON'T KNOW WHO THEY'VE SAID IT TO. THEY
15	DIDN'T SAY IT TO ME.
16	Q. BY 10 OR 20 PERCENT? HAVE YOU HEARD PEOPLE
17	TAKE THAT POSITION?
18	A. NO.
19	Q. OR SAY THAT'S BEEN THE CASE FOR 10 OR 20 YEARS?
20	A. NO.
21	Q. DO YOU LET ME ASK YOU THIS: ON GOVERNMENT
22	WORK, WHETHER THAT'S NAVY OR ANY OF THE OTHER GOVERNMENT
23	AGENCIES, DO YOU BELIEVE THAT THE LOWER WAGE RATES IN
24	SAN DIEGO ARE A REASON WHY MORE GOVERNMENT WORK COMES TO
25	SAN DIEGO?

1	A. A LOT OF THE REASON MORE GOVERNMENT WORK COMES
2	TO SAN DIEGO IS IT'S THE HOME OF THE NAVY.
3	Q. I SAW ENOUGH SIGNS ON THE WAY IN AND THE WAY
4	OUT OF HERE.
5	A. RIGHT. 90 PERCENT OF THE BID PACKAGES ARE
6	RESTRICTED TO SAN DIEGO.
7	Q. DID YOU LOOK AT WHETHER THE GOVERNMENT WORK
8	THAT WAS BEING DONE BY NORTHWEST MARINE AT PORTLAND, THE
9	WORK LET'S TALK ABOUT THE WORK THAT NORTHWEST MARINE WAS
10	PREPARING TO BID ON WHETHER THAT WORK WOULD COME TO
11	SAN DIEGO INSTEAD OF PORTLAND IF NORTHWEST HAD GONE OUT OF
12	BUSINESS?
13	A. I WOULDN'T I DIDN'T KNOW WHERE IT WOULD HAVE
14	GONE. IT WAS COAST-WIDE BIDS. IT COULD HAVE GONE FROM
15	SEATTLE TO SAN FRANCISCO TO L.A. TO SAN DIEGO TO L.A. TO
16	SAN DIEGO.
17	Q. WERE YOU AWARE, BACK IN LATE '88, SAY
18	NOVEMBER/DECEMBER OF '88, EARLY 1989, OF ANY SPECIFIC SHIP
19	REPAIR CONTRACTORS WHO PLANNED ON STARTING IN PORTLAND AS A
20	SHIP REPAIR CONTRACTOR, ENTERING INTO A USE AGREEMENT AND
21	STARTING UP A BUSINESS THERE?
22	A. AM I AWARE OF ANYBODY?
23	Q. YES.
24	A. NO.
25	Q. DID YOU EVER CONSIDER A JOINT VENTURE WITH ANY

A LOT OF THE REASON MORE GOVERNMENT WORK COMES

A.

1	OTHER REPAIR CONTRACTOR IN THE UNITED STATES TO ENTER
2	INTO TO GET A USE AGREEMENT AND START DOING BUSINESS IN
3	PORTLAND?
4	A. NO.
5	Q. WHY WAS THAT?
6	A. BECAUSE I DIDN'T WANT TO GO THERE.
7	MR. RANDLES: WELL, EXCUSE ME.
8	BY MR. MINER:
9	Q. I THOUGHT YOU SAID THAT YOUR FIVE-YEAR PLAN,
10	SOUTHWEST MARINE'S FIVE-YEAR PLAN, WAS TO EXPAND COMMERCIAL
11	WORK IN ORDER TO HAVE IT MORE EVENLY BALANCED FROM
12	GOVERNMENT TO 50 PERCENT COMMERCIAL?
13	MR. SCHWARTZ: YOU DIDN'T WANT TO GO TO
14	PORTLAND OR YOU DIDN'T WANT TO GO INTO BUSINESS WITH SOME
15	THIRD PARTY?
16	THE WITNESS: I DIDN'T WANT TO GO INTO BUSINESS
17	WITH A THIRD PARTY.
18	MR. SCHWARTZ: YEAH. THAT CORRECTS YOUR
19	TESTIMONY.
20	BY MR. MINER:
21	Q. IF IT WAS AS EASY AS YOU INDICATED PREVIOUSLY
22	TO GET A USE AGREEMENT FROM THE PORT OF PORTLAND, WHY WAS
23	IT, PRIOR TO THE NORTHWEST MARINE STOCK BUY-OUT, THAT YOU
24	HADN'T DONE THAT?
25	A. BECAUSE IT WAS THREE COMPANIES OPERATING THERE

THE PERSON OF TH

1	AND I DIDN'T WANT TO BE THE FOURTH.
2	Q. DIDN'T YOU BELIEVE THAT YOU COULD COMPETE
3	SUCCESSFULLY AGAINST THOSE THREE COMPANIES, THOUGH, IF YOU
4	GOT A USE AGREEMENT AND STARTED UP YOUR OWN BUSINESS THERE?
5	A. IT WASN'T THE HIGHEST AND BEST USE OF MY
6	CAPITAL AT THE TIME.
7	Q. WHY WAS THAT?
8	A. 'CAUSE I LOOKED AT THE MARKET AND THE MARKET
9	ALREADY HAD THREE PEOPLE IN IT AND, LIKE I SAID, THEY DIDN'S
10	NEED A FOURTH.
11	Q. DID AND YOU'RE TALKING HERE ABOUT PRE STOCK
12	BUY-OUT OF NORTHWEST MARINE'S STOCK?
13	A. THAT'S RIGHT.
14	Q. WHEN YOU LOOKED AT THE MARKET UP THERE, AT THAT
15	TIME WAS THERE OVER-CAPACITY; IN OTHER WORDS, WAS THERE TOO
16	MUCH SHIP REPAIR CAPACITY AND NOT ENOUGH WORK FOR THOSE
17	THREE CONTRACTORS?
18	MR. RANDLES: YOU MEAN AT THE PORTLAND
19	SHIPYARD
20	MR. MINER: PORTLAND. WE'RE ONLY TALKING ABOUT
21	PORTLAND.
22	MR. RANDLES: BUT YOU MEAN COULD THE FACILITY
23	HANDLE MORE?
24	MR. MINER: NO, I'M NOT TALKING ABOUT WHETHER

THE FACILITY ITSELF COULD HANDLE MORE. I'M TALKING ABOUT

1	THE LEVEL OF WORK THAT WAS DONE UP THERE.
2	BY MR. MINER:
3	Q. FROM YEAR TO YEAR THE BUSINESS
4	A. UH-HUH.
5	Q THE SIZE OF THE PIE THAT WAS AVAILABLE TO
6	THE THREE CONTRACTORS UP THERE. YOU'VE SAID THAT YOU DIDN'T
7	WANT TO BECOME THE FOURTH, WASN'T THE BEST OR HIGHEST USE OF
8	SOUTHWEST MARINE'S CAPITAL.
ģ	IN THE ANALYSIS THAT YOU DID OF THE MARKET UP
10	THERE, AND IN DECIDING NOT TO GO AFTER A USE AGREEMENT, WAS
11	IT YOUR CONCLUSION THAT THE THREE EXISTING SHIP REPAIR
12	CONTRACTORS WERE UNDER-UTILIZED, THAT THERE WAS NOT ENOUGH
13	WORK FOR ALL THREE OF THEM?
14	MR. SCHWARTZ: I'M GOING TO CAUTION YOU,
15	MR. ENGLE, NOT TO SPECULATE IF YOU DON'T KNOW THE SPECIFIC
16	ANSWER.
17	THE WITNESS: I DON'T KNOW THE ANSWER.
18	MR. RANDLES: I FURTHER OBJECT ON THE BASIS
19	THERE'S NO FOUNDATION. ON WHAT BASIS? YOU'VE NOT GIVEN THE
20	MAN THE FACTS TO BASE A SPECULATIVE ANSWER ON.
21	BY MR. MINER:
22	Q. YOU LOOKED AT THE MARKET. I MEAN, YOU
23	TESTIFIED
24	A. YEAH, I DID. I LOOKED AT THE MARKET AND I
25	LOOKED AT HOW MUCH VOLUME WAS DONE THROUGH THERE.

1	I GOT INTERESTED IN NORTHWEST BECAUSE THEY DID
2	HALF THE VOLUME, BECAUSE THEY GOT HALF THE VOLUME; AND
3	BECAUSE THEY WANTED TO SELL THEMSELVES TO US, I GOT
4	INTERESTED IN IT. PRIOR TO THAT I DID NOT KNOW NORTHWEST
5	MARINE'S FINANCIAL CAPABILITY AND I CERTAINLY DID NOT WANT
6	TO BE THE FOURTH PLAYER IN THE PIE.
7	Q. I'M NOT ASKING ABOUT WHAT YOU KNEW ABOUT THEIR
8	FINANCIAL CAPABILITY.
9	WAS IT YOUR BELIEF THAT THERE JUST WASN'T
10	ENOUGH BUSINESS UP THERE AT THE TIME?
11	MR. SCHWARTZ: I'M GOING TO
12	THE WITNESS: I TESTIFIED TO THAT, I DON'T WANT
13	TO PUT MY CAPITAL UP THERE.
14	MR. RANDLES: I OBJECT ON THE FOUNDATION. HE'S
15	ALREADY SAID THAT HE COULDN'T SPECULATE.
16	BY MR. MINER:
17	Q. YOU'VE HEARD OF THE TERM "EFFECTIVE BID RATE"?
18	A. YEAH, I HAVE.
19	Q. CAN YOU TELL ME BRIEFLY WHAT THAT MEANS?
20	A. WELL, THE EFFECTIVE BID RATE IS YOU TAKE THE
21	BID AND SUBTRACT THE MATERIALS AND YOUR EXPENSES, THE
22	MATERIALS AND SUBCONTRACTORS, AND DIVIDE THE DOLLARS THAT
23	ARE LEFT OVER BY THE MAN-HOURS YOU ANTICIPATE TO COMPLETE
24	THE PROJECT.
25	Q. HAS THERE BEEN, TO YOUR KNOWLEDGE, A DIFFERENCE

1	BETWEEN PORTLAND AND SAN DIEGO HISTORICALLY IN THE EFFECTIVE
2	BID RATE ON JOBS?
3	MR. SCHWARTZ: AGAIN, IF YOU'RE NOT SURE OF THE
4	ANSWER, YOU DO NOT NEED TO SPECULATE.
5	THE WITNESS: AND PORTLAND IS A BIG WHO IN
6	PORTLAND? THERE'S THREE PEOPLE AND I HAVE NO IDEA WHAT
7	THEIR RATES WERE.
8	BY MR. MINER:
9	Q. OTHER THAN LET ME ASK YOU SOMETHING ABOUT
10	THE CRUISE SHIP LINES AND WHY THEY WOULD GO TO PORTLAND.
11	I THINK YOU INDICATED EARLIER THAT THE OWNERS
12	DETERMINE THAT THEY'LL TAKE A SHIP TO A CERTAIN YARD BY
13	WHERE THE SHIP IS PHYSICALLY LOCATED, WHETHER THEY'RE EITHER
14	LOADING OR UNLOADING PASSENGERS.
15	A. THAT'S A CONSIDERATION, I SAY.
16	Q. A CONSIDERATION.
17	AND ANOTHER REASON AS TO WHY CRUISE SHIPOWNERS
18	MAY GO TO PORTLAND IS IF THEY NEED THE LARGER DRY DOCK?
19	A. YES.
20	Q. IS THERE ANY OTHER REASON THAT YOU'RE AWARE OF
21	WHY CRUISE SHIPOWNERS WOULD CONSIDER GOING TO PORTLAND,
22	OTHER THAN THOSE TWO REASONS, VERSUS BRINGING THEIR SHIP
23	DOWN HERE TO SAN DIEGO?
24	A. THEY HAVE NO. THE ONLY OTHER REASON, AS I
25	MENTIONED, THEY'VE GOT A LABOR FORCE THERE OF ABOUT 1,500 TO

and the state of the second of

1	2,000 PEOPLE.
2	Q. DOESN'T THIS REPAIR SHIPYARD HAVE THE SAME KIND
3	OF LABOR FORCE AVAILABLE?
4	A. IT DOES, BUT I DON'T HAVE THE FACILITY TO GO
5	ALONG WITH IT. MY DRY DOCK HERE WILL NOT HANDLE 90 PERCENT
6	OF THOSE CRUISE SHIPS.
7	Q. AND IS THAT THE SAME WITH THE TANKERS
8	A. YES.
9	Q THAT THE DRY DOCKS
10	BUT ONE OF YOUR OTHER YARDS, YOUR OTHER YARD IN
11	SAN FRANCISCO, AND THEN YOU YOU HAVE
12	A. SAN FRANCISCO WOULD HANDLE MOST OF 'EM.
13	Q. SAN PEDRO HAS ONE, TOO?
14	A. YEAH, BUT IT'S SMALL.
15	Q. YOUR DRY DOCK'S SOUTHWEST MARINE'S DRY DOCK
16	CAPABILITY IN SAN FRANCISCO IS ON PAR WITH PORT OF PORTLAND,
:7	OTHER THAN DRY DOCK 4 IN PORTLAND?
18	A. OTHER THAN DRY DOCK 4, YEAH.
19	Q. SO IT'S YOUR TESTIMONY THAT THE CRUISE SHIPS,
20	UNLESS THEY NEED DRY DOCK 4, AND THE TANKERS, UNLESS THEY
21	NEED DRY DOCK 4 IN PORTLAND, COULD BE REPAIRED OUT OF YOUR
22	SAN FRANCISCO YARD?
23	A. YES.
24	Q. WHY WAS IT NOT PART OF YOUR FIVE-YEAR BUSINESS
25	PLAN THEN TO SIMPLY DO THAT, GET THOSE TANKER SHIPS GET

2	YARD AS OPPOSED TO BUYING NORTHWEST STOCK?
3	A. SAN FRANCISCO HAS A WORSE LABOR RATE THAN
4	PORTLAND DOES.
5	Q. HOW DIFFERENT IS IT THAN PORTLAND?
6	A. IT'S PROBABLY A COUPLE DOLLARS HIGHER.
7	Q. TALKING ABOUT DIRECT LABOR?
8	A. YEAH.
9	Q. LABOR RATE NOT CONSIDERING OVERHEAD?
10	A. RIGHT.
11	Q. HOW ABOUT YOUR SAN PEDRO FACILITY, IS THERE A
12	DIFFERENCE THERE FROM PORTLAND'S IN THE DIRECT
13	MR. SCHWARTZ: I THINK HE'S ALREADY TESTIFIED
14	TO THE DRY DOCKING LACK OF CAPABILITIES THERE.
15	MR. MINER: NO, I'M JUST TALKING
16	THE WITNESS: SAN PEDRO, AS FAR AS THE LABOR
17	RATE GOES, MAY BE COMPARABLE TO PORTLAND WITH DIRECT. IT'S
18	A LITTLE HIGHER THAN SAN DIEGO.
19	BY MR. MINER:
20	Q. HAVE I LISTED OFF ALL OF SOUTHWEST MARINE'S
21	YARDS?
22	A. NO. YOU MISSED SAMOA. OUR LABOR RATE THERE IS
23	SUBSTANTIALLY LESS.
24	Q. CAN YOU QUANTIFY THAT "SUBSTANTIALLY LESS"
25	COMPARED TO PORTLAND?

THOSE TANKER SHIPS AND CRUISE SHIPS INTO YOUR SAN FRANCISCO

1

COME TO SECURE TO SECURE A SECURE SEC

:	A. YEAH. IT'S ABOUT 400 PERCENT LESS ON THE
2	DIRECT.
3	Q. AND WHY THEN WASN'T THAT WHY DIDN'T YOU
4	CONSIDER THAT? IS IT BECAUSE OF THE DRY DOCK FACILITIES
5	THERE FOR GETTING CRUISE SHIPS AND TANKERS?
6	A. HAVE YOU EVER BEEN TO SAMOA?
7	Q. NO. I'M SORRY.
8	A. I'D HAVE YOU ANSWER THE QUESTION IF YOU'D BEEN
9	THERE.
10	Q. I WOULDN'T HAVE ASKED THE QUESTION IF I'D BEEN
11	THERE, RIGHT?
12	A. YEAH.
13	MR. MINER: COULD WE TAKE ABOUT A FIVE-MINUTE
14	BREAK. WOULD THAT BE POSSIBLE? THREE TO FIVE MINUTES?
15	THE WITNESS: SURE.
16	(RECESS TAKEN.)
17	BY MR. MINER:
18	Q. I'D LIKE TO TALK ABOUT THE A LITTLE BIT
19	ABOUT THE TRANSACTION ITSELF, THE STOCK BUY-OUT OF NORTHWEST
20	MARINE.
21	WHY WAS IT IMPORTANT FOR THE VARIOUS CREDITORS,
22	SOME OF THE CREDITORS, OF NORTHWEST MARINE TO FORGIVE SOME
23	OR ALL OF THEIR DEBT, FORGIVE SOME OR ALL OF THE DEBTS OF
24	NORTHWEST MARINE TO THEM, BEFORE YOUR COMPANY, SOUTHWEST
25	MARINE, WOULD GO THROUGH WITH THE STOCK BUY-OUT?

The second of th

1	MR. RANDLES: 1
2	MR. MINER: AND WHAT I MEAN BY THAT IN
3	PARTICULAR IS THE PORT OF PORTLAND HAD TO FORGIVE SOME OF
4	THE DEBT WHICH NORTHWEST MARINE OWED IT; FIRST INTERSTATE
5	BANK; THE SAFE CORPORATION IN OREGON, WHICH IS THE WORKERS
6	UNEMPLOYMENT COMP ENTITY. AND LET'S JUST LEAVE IT WITH
7	THOSE THREE.
8	MR. RANDLES: I OBJECT TO THE FOUNDATION
9	GROUNDS, GREG, AS STRUCTURED. MAYBE IT ASSUMES THAT BUT
10	BY MR. MINER:
11	Q. WELL, ARE YOU FAMILIAR AT ALL, MR. ENGLE,
12	WITH YOU MUST BE FAMILIAR BECAUSE YOU WERE INVOLVED IN
13	THE NEGOTIATIONS OF CERTAIN CREDITORS FORGIVING DEBT OF
14	NORTHWEST MARINE BEFORE YOUR BUY-OUT OF NORTHWEST MARINE
15	STOCK COULD GO THROUGH.
16	A. RIGHT.
17	Q. AND AMONG THOSE WERE FIRST INTERSTATE BANK AND
18	SAFE AND THE PORT OF PORTLAND.
19	WHAT I WANT TO KNOW SIMPLY IS WHY THAT WAS
20	IMPORTANT FOR YOUR DEAL TO GO THROUGH.
21	MR. RANDLES: SAME OBJECTION.
22	THE WITNESS: WELL, TO MAKE THE NEW ENTITY OR
23	THE CONTINUING ENTITY, THE CONTINUING OPERATION, A VIABLE
24	ECONOMIC INVESTMENT, THERE WAS TOO MUCH DEBT AND THE DEBT
25	HAD TO BE RESTRUCTURED. AND IF THE DEBT COULD NOT BE

1	RESTRUCTURED AND FORGIVEN, MY ANALYSIS DICTATED THAT IT
2	DIDN'T MAKE SENSE TO PROCEED WITH IT, IN WHICH CASE I WOULD
3	HAVE WAITED AND BOUGHT IT IN BANKRUPTCY COURT.
4	BY MR. MINER:
5	Q. I WAS GOING TO ASK YOU WHETHER YOU HAD ANOTHER
6	ANALYSIS, SHORT OF BUYING IN A BANKRUPTCY LIQUIDATION, WHERE
7	YOU WOULD HAVE PAID FAR LESS THAN \$100 A SHARE FOR NORTHWEST
8	MARINE'S STOCK BUT ASSUMED SOME OR ALL OF THE DEBT OWED TO
9	FIRST INTERSTATE AND THE PORT OF PORTLAND AND SAFE?
10	A. I DID AN ANALYSIS. WE LOOKED AT THE DEBT THAT
11	THE COMPANY HAD ON ITS BOOKS AND DECIDED THAT IT WAS TOO FAR
12	UPSIDE DOWN TO CONTINUE TO PURSUE IT, AND THE ONLY THING WE
13	COULD DO WAS WORK ON A DEBT RESTRUCTURE PROGRAM WHICH
14	WRITE DOWN OF MAJOR DEBT WOULD PUT THE BALANCE SHEET MORE
15	IN LINE SO THAT THE CONTINUING OPERATION WOULD SUCCEED.
16	AND THE ONLY OTHER ALTERNATIVE THAT WAS EVER
17	EXPLORED WAS THE ALTERNATIVE OF WAITING UNTIL IT TANKED
18	TOTALLY, WALK INTO THE BANKRUPTCY COURT AND SAID, HERE WE
19	ARE. WE'LL BID.
20	Q. WERE YOU AWARE OF ANY OTHER CONTRACTOR THAT WAS
21	INTERESTED IN, OR HAD EXPRESSED AN INTEREST IN BIDDING AT A
22	BANKRUPTCY LIQUIDATION?
23	A. NO, I WAS NOT.
24	O. HOW DID YOU YOU PARTICIPATED, AS YOU SAID,

IN NEGOTIATIONS WITH THE PORT OF PORTLAND.

25

1	GENERALLY HOW WAS IT DETERMINED THAT THERE WOULD BE A
2	EARN-OUT, OR WHAT'S BEEN REFERRED TO AS AN EARN-OUT, WHERE
3	THE PORT COULD SHARE IN SOME OF THE PROFITS OF THE NEW
4	ENTITY, SOUTHWEST MARINE, AS BOUGHT OUT OR NORTHWEST
5	MARINE AS BOUGHT OUT BY SOUTHWEST?
6	A. WELL, THE PORT INSISTED UPON THAT. I DIDN'T
7	WANT TO GIVE THE PORT ANYTHING. IF I HAD MY WAY, I WOULD
8	HAVE GIVEN 'EM NOT A DIME. THEY WERE UNSECURED. AND IF WE
9	WOULD HAVE BOUGHT IT MY ANALYSIS DICTATED IF IT WOULD
10	HAVE BEEN SOLD AT A BANKRUPTCY AUCTION, THE PORT WOULDN'T
11	HAVE GOT NOT ONE RED CENT AND SAFE WOULD HAVE GOT NOT ONE
12	RED CENT.
: 3	Q. DO YOU KNOW WHETHER OR NOT ANY
14	A. SO THEY NEGOTIATED QUITE WELL, ACTUALLY.
15	Q. HAVE ANY PAYMENTS OUT OF PROFITS EVER BEEN MADE
16	TO THE PORT?
17	A. DO I KNOW?
:3	Q. YEAH.
i 9	A. NO, I DON'T KNOW.
20	Q. HAS ANY PAYMENTS OUT OF PROFITS OF NORTHWEST
21	MARINE EVER BEEN MADE TO SAFE?
22	A. I DON'T KNOW.
3	Q. WAS THERE A GENERAL DECLINE IN BUSINESS TO ALL
14	WEST COAST SHIPYARDS AS OF LATE '88 AND 1989?
25	WAS THERE A GENERAL DECLINE IN BUSINESS GOING

THE PERSON OF TH

TO ALL THE WEST COAST SHIPYARDS AS OF THAT TIME?

- A. I DON'T PARTICULARLY KNOW IF AT THAT TIME IS

  ANY MAGIC DATE. THERE HAS BEEN A DECLINE OF BUSINESS TO THE

  WEST COAST SHIPYARDS SINCE THE BEGINNING OF THE '80'S, WHICH

  HAS RESULTED IN THE CLOSING OF MANY YARDS.
- Q. HAS THAT BEEN PRINCIPALLY CAUSED BY THE FOREIGN COMPETITION?
- A. WELL, FOREIGN COMPETITION IS PART OF IT;

  DECLINE IN THE MILITARY SPENDING; DECLINE IN SHIP BUILDING.

  THERE'S A WHOLE -- NO MARITIME POLICY OUT OF THE

  ADMINISTRATION -- THERE'S A MULTITUDE OF REASONS WHY IT'S

  DECLINED.

10

11

12

13

14

15

16

17

18

19

20

21

- Q. DID YOU LOOK AT WHETHER OR NOT, IF NORTHWEST MARINE HAD GONE OUT OF BUSINESS AND THERE HAD BEEN ONLY TWO CONTRACTORS IN PORTLAND, IF THE WORK THAT NORTHWEST MARINE HAD BEEN DOING THERE, WHICH WAS ROUGHLY 50 PERCENT OF THE WORK OR THE VOLUME AT THAT YARD, WOULD HAVE GONE TO FOREIGN SHIPYARDS RATHER THAN ANOTHER SHIPYARD ON THE WEST COAST?
- A. NO, I NEVER LOOKED AT THAT. I NEVER DID ANY ANALYSIS ON THAT.
- . Q. DID YOU CONSIDER THE FOREIGN COMPETITION TO BE A VIABLE THREAT TO GETTING SOME OF THAT WORK?
- 23 A. THE FOREIGN COMPETITION HAS ALWAYS BEEN -24 REARED ITS UGLY HEAD. BUT AS THE RELATIONSHIP BETWEEN THE
  25 DOLLAR AND THE YEN AND THE DOLLAR AND THE SINGAPORE DOLLAR

1	CHANGE, WE BECOME, ON THE WEST COAST, MORE COMPETITIVE; AND
2	ALSO, I THINK THAT THERE WILL BE SOME LEGISLATIVE AND
3	I'VE ALWAYS BELIEVED THERE WILL BE SOME LEGISLATIVE REMEDY
4 .	TO SOLVE SOME OF THE INEQUITIES THAT ARE PRESENT WITH JONES
5	ACT SHIPS GOING TO JAPAN AND KOREA.
6	Q. BEFORE YOU MADE THE DECISION TO BUY OUT
7	NORTHWEST MARINE STOCK, HAD YOU DONE ANY KIND OF ANALYSIS OF
8	THE EFFECT ON THE OTHER WEST COAST SHIPYARDS IF ONLY TWO
9	CONTRACTORS WERE IN EXISTENCE AT PORTLAND?
10	A. NO.
11	Q. HAS YOUR COMPANY EVER DONE THAT KIND OF
12	ANALYSIS, IF ONE OF THE CONTRACTORS IN PORTLAND DROPPED OUT
13	AND THERE ARE ONLY TWO LEFT?
4	A. HAVE WE DONE AN ANALYSIS?
5	Q. WHAT THE EFFECT WOULD BE ON THE FLOW OF
16	BUSINESS TO THE OTHER WEST COAST YARDS.
.7	A. NO.
8	Q. SINCE THE PURCHASE OF NORTHWEST MARINE'S STOCK,
. 9	WHO'S BEEN PRINCIPALLY IN CHARGE OF OPERATING NORTHWEST
20	MARINE?
21	A. BILL JOHNSTON.
22	Q. BILL JOHNSTON?
13	A. UH-HUH.
24	Q. ARE YOU FAMILIAR AT ALL WITH THE LABOR RATES
25	BID, LET'S SAY, SINCE THE FINALIZATION OF THAT STOCK BUY-OUT

1	IN APRIL OF 89, THE LABOR RATES BID BY NORTHWEST MARINE ON
2	ITS JOBS, THE JOBS IT BID IN PORTLAND?
3	MR. RANDLES: GREG, JUST TO CLARIFY, WHEN YOU
4	SAY "LABOR RATES BID", YOU MEAN LABOR RATES INCORPORATED
5	INTO THE BID OR THE ACTUAL BID THAT'S MADE TO THE CUSTOMER?
6	YOU KNOW, THERE'S A DIFFERENCE.
7	MR. SCHWARTZ: OR THE DIRECT LABOR RATE PAID?
8	MR. MINER: WELL, I'M TALKING ABOUT THE LABOR
9	RATE THAT'S USED BY THE CONTRACTOR AT THE TIME HE GOES IN
10	WITH HIS PRICE TO THE OWNER. I'M NOT TALKING ABOUT WHAT IT
11	MAY END UP AT.
12	THE WITNESS: WE HAVE CONVERSATIONS ABOUT WHAT
13	RATES WE BID AT ON BIG JOBS.
14	BY MR. MINER:
15	Q. HAS WELL, MY QUESTION IS HAS IT CHANGED
16	A. IT CHANGES EVERY DAY.
17	Q WITH THE STOCK BUY-OUT?
18	A. PROBABLY CHANGED 300 TIMES SINCE THE STOCK
19	BUY-OUT.
20	Q. WAS THERE A WAS THERE A STANDARD LABOR
21	RATE AND IF WE WANT IF IT'S USING DIRECT LABOR WITHOUT
22	OVERHEAD, IF THAT'S A COMFORTABLE WAY TO DESCRIBE IT IS
23	THERE A WAS THERE A STANDARD RATE USED BY NORTHWEST
24	MARINE PRIOR TO THE STOCK BUY-OUT?
25	A NOT TO MY KNOWLEDGE

The second of the second secon

1	Q. DID SOUTHWEST MARINE EITHER RAISE OR LOWER, AS
2	A GENERAL PROPOSITION, DID IT EITHER RAISE OR LOWER
3	NORTHWEST MARINE'S DIRECT LABOR RATE WITHOUT OVERHEAD AFTER
4	THE STOCK BUY-OUT?
5	A. NO.
6	Q. IT JUST TOOK EACH JOB ON A JOB-BY-JOB BASIS
7	AND
8	A. JOB BY JOB. DIRECT LABOR RATE IS WHAT THE
9	UNION CONTRACT STIPULATES. IF THE UNION CONTRACT GAVE THEM
0	A RAISE, WE GAVE THEM A RAISE.
1	Q. WHAT ABOUT THE EFFECTIVE BID RATE?
2	A. JOB BY JOB.
3	Q. WHAT WAS NORTHWEST MARINE STRIKE THAT.
4	WHAT WAS SOUTHWEST MARINE'S STRATEGY TO GET
5	MORE COMMERCIAL WORK ONCE IT BOUGHT NORTHWEST MARINE'S
6	STOCK?
7	WHAT WAS YOUR STRATEGY TO INCREASE THE TOTAL
8 -	REVENUES OR THE AMOUNT OF WORK THAT NORTHWEST MARINE WAS
9	DOING IN PORTLAND AFTER APRIL OF '89?
0	A. BY DEFINITION, BY THE ACQUISITION OF NORTHWEST
1	MARINE, I CHANGED THE MIX OF SOUTHWEST MARINE OVERALL
2	SUBSTANTIALLY, WHICH IS WHAT I WANTED TO DO. IF NORTHWEST
3	MARINE WAS TO CONTINUE ON THE STATUS QUO AT THE TIME
4	NORTHWEST MARINE WAS DOING 80 MILLION A YEAR, I THINK, WHEN
5	WE ACCUITED IN IF IN MAC COINC NO DO GO OF OF OR OO I

1	WAS HAPPY.
2	MR. SCHWARTZ: SO THE INTENT WAS NOT
3	NECESSARILY
. 4	MR. MINER: THAT WAS MY NEXT QUESTION.
5	BY MR. MINER:
6	Q. WAS IT PART OF YOUR STRATEGY TO RAISE THAT
7	FIGURE, THAT \$80 MILLION A YEAR FIGURE?
8	A. MY INTENT WAS TO TRY TO MAKE MONEY. IN THIS
9	BUSINESS YOU HAVE TO FIRST COVER YOUR OVERHEAD AND, IF YOU
10	CAN COVER YOUR OVERHEAD WITH SOME SUCCESSFUL JOBS, THEN
11	SOMETIMES YOUR TOTAL SALES OR TOTAL VOLUME MIGHT DIMINISH
12	SLIGHTLY.
13	Q. IN APRIL OF '89 DO YOU KNOW WHAT THE EFFECTIVE
14	BID RATE FOR LABOR WOULD HAVE TO BE TO COVER NORTHWEST
15	MARINE'S OVERHEAD?
16	A. NO, NOT TODAY I DON'T KNOW THAT ANSWER TO THAT.
17	Q. YOU DON'T KNOW WHAT IT IS TODAY OR YOU DON'T
18	KNOW WHAT IT IS BACK THEN?
19	A. I DIDN'T KNOW WHAT IT IS THEN.
20	Q. DO YOU KNOW WHAT IT'S BEEN SINCE THAT TIME?
21	A. I KNOW YEAR BY YEAR, YEAH.
22	Q. WHAT HAS IT BEEN?
23	A. I THOUGHT THAT'S PROTECTED MATERIAL. I'M NOT
24	GOING TO TELL YOU THEIR LABOR RATES.
25	Q. WELL, THAT'S PART OF THE INFORMATION THAT

1	NORTHWEST MARINE IS GOING TO TURN OVER TO US, CONSISTENT
2	WITH THE ORDER THAT LLOYD AND I WERE TALKING ABOUT BEFORE.
3	MR. SCHWARTZ: WHY DON'T YOU RESTATE YOUR
4	QUESTION?
5	BY MR. MINER:
6	Q. SINCE APRIL OF '89 DO YOU KNOW WHAT THE
7	EFFECTIVE BID RATE IS FOR LABOR THAT WOULD FOR NORTHWEST
8	MARINE THAT WOULD COVER THEIR OVERHEAD, THAT WOULD MEET
9	THEIR OVERHEAD SO THERE'S NO SHORTFALL IN OVERHEAD? AND
10	WE'RE TALKING HERE ABOUT DIRECT OVERHEAD AND VARIABLE OR
11	JUST DIRECT? WHEN YOU USE THE
12	A. WHEN YOU USE THE WORD "EFFECTIVE", YOU'RE
13	COVERING ALL COSTS, WHICH IS VARIABLE, DIRECT AND INDIRECT.
14	Q. THAT'S WHAT I THOUGHT YOU MEANT.
15	A. RIGHT. AND THAT DEPENDS UPON YOU HAVE TO
16	ALMOST DO THAT IN RETROSPECTIVE ANALYSIS. YOU LOOK AT THE
17	OVERHEAD YOU SPEND THROUGH THE YEAR, DIVIDE IT BY THE NUMBER
18	OF HOURS THAT YOU BILL, BILLABLE HOURS THAT YOU HAVE, AND
19	YOU'LL BE ABLE TO QUANTIFY WHAT YOU GOT.
20	FOR FORWARD RATES OR FORWARD PRICING RATES YOU
21	HAVE TO DO A PROJECTION.
22	NOW, DO WE HAVE IT AVAILABLE FOR 1989 AND 1990,
23	SINCE THOSE YEARS ARE CLOSED, THE ANSWER IS YES, WE DO. DO
24	I KNOW WHAT THEY ARE SITTING HERE, THE ANSWER IS NO, I

DON'T.

ι,

	·
1	Q. BUT THAT'S HOW THEY'RE CALCULATED, THEN, ON A
2	YEARLY BASIS?
3	A. YES.
4	Q. AND IN DOING THE FORWARD PRICING ANALYSIS, DO
5	YOU USE THE AS A GENERAL PROPOSITION DO YOU USE THE
6	PREVIOUS YEARS' ACTUAL DATA TO DO THE FORWARD PRICING
7	PROJECTION?
8	A. WELL, YOU TAKE THE PREVIOUS YEAR'S, YOU MAKE
9	BUDGET ANALYSIS AND ADJUSTMENTS, YOU LOOK AT THE MARKET, YOU
10	DETERMINE WHAT YOU KNOW IS A KNOWN MARKET, WHAT PERCENTAGE
11	OF THE MARKET YOU CAN ANTICIPATE BEING SUCCESSFUL AT, AND
12	ALL OF THESE FACTORS COME INTO THE FINANCIAL PROJECTION.
13	Q. DO YOU KNOW WHETHER OR NOT NORTHWEST MARINE,
14	SINCE APRIL OF '89, HAS BID PROJECTS IN PORTLAND BELOW THE
15	LABOR RATE NEEDED TO COVER ITS OVERHEAD?
16	A. WE BID THE MARKET. AND THE MARKET IS THE
17	MARKET. IF WE NEED THE WORK, WE SOMETIMES BID BELOW. IF WE
18	DON'T NEED THE WORK, WE MAY BID WAY ABOVE. IF THERE'S
19	SPECIAL CONSIDERATION, MAYBE IT'S A BONDED JOB AND NORTHWEST
20	MARINE IS ONLY COMPETING WITH TODD, SEATTLE, YOUR RATE IS
21	GOING TO BE DIFFERENT.
22	Q. IF YOU BID THE MARKET AND IT TURNS OUT THAT THE
23	MARKET IS BELOW WHAT IT TAKES TO COVER YOUR FIXED AND
24	VARIABLE OVERHEAD, HOW IS IT THAT NORTHWEST MARINE KNOWS

WHEN IT CAN COVER -- WHEN IT'S GOING TO BE ABLE TO COVER ITS

1	OVERHEAD ON THAT JOB?
2	MR. RANDLES: OBJECTION. I THINK IT'S
3	AMBIGUOUS AS TO WHAT YOU SAID. WHAT DO YOU MEAN, AT THE END
4	OF THE JOB? YOU MEAN
5	BY MR. MINER: -
6	Q. YEAH. HOW DOES NORTHWEST MARINE KNOW WHEN IT'S
7	GOING TO BE ABLE TO RECOVER OR RECOUP THE OVERHEAD IT HASN'T
8	COVERED ON THAT JOB, THE OVERHEAD THAT HASN'T BEEN ALLOCATED
9	TO THAT JOB BECAUSE YOU DIDN'T BID ENOUGH?
10	MR. RANDLES: I OBJECT. THERE'S ALSO JOB
11	GROWTH AND THAT ASPECT OF EXTRA WORK, SO YOU HAVEN'T BROUGHT
12	THAT INTO PLAY.
13	BY MR. MINER:
14	Q. IS THAT WHAT YOU ANTICIPATE DOING WHEN YOU BID
15	THE MARKET AND IT TURNS OUT THAT YOU'RE BIDDING BELOW
16	NORTHWEST MARINE'S OVERHEAD, IS THAT YOU EXPECT TO COVER
17	YOUR OVERHEAD UNDER WHAT PROJECT TO BE JOB GROWTH?
18	A. I'D LIKE TO. WE DON'T ALWAYS DO THAT.
19	Q. DID YOU DO ANY ANALYSIS, BEFORE YOU BOUGHT
20	NORTHWEST MARINE STOCK, AS TO WHY NORTHWEST MARINE WAS IN
21	SUCH DESPERATE FINANCIAL CONDITION IN LATE '88 AND EARLY
22	'89?
23	A. WELL, THE ONLY ANALYSIS THAT I HAVE MADE IS
24	THEY GOT THEMSELVES IN TROUBLE IN THE EARLY '80'S. THEY

WENT INTO BANKRUPTCY AND THEY CAME OUT OF BANKRUPTCY WITH A

1	LOT OF DEBT. THEY NEVER DID ANY DEBT CRAM DOWN, SO THEY
2	CARRIED THAT DEBT FORWARD AND IT WAS A BURDEN ON THEIR BACK
3	Q. AND THAT'S AGAIN WHY, UNDER YOUR ANALYSIS, THE
4	ELIMINATION OF A SUBSTANTIAL PORTION OF THAT DEBT WAS
5	ESSENTIAL TO OPERATING THE COMPANY?
6	A. YEAH. EXACTLY.
7	Q. SUCCESSFULLY OPERATING THE COMPANY?
8	A. THAT'S EXACTLY THE REASON WHY. WON'T WORK
9	OTHERWISE.
10	Q. HOW OFTEN DO YOU THINK, SINCE APRIL OF '89,
11	NORTHWEST MARINE HAS IN BIDDING THE MARKET HAS BID
12	BELOW OR HAS NOT COVERED ITS OVERHEAD?
13	A. I HAVE NO IDEA.
14	Q. BILL JOHNSTON WOULD KNOW THAT?
15	A. I DON'T EVEN KNOW IF BILL JOHNSTON WOULD KNOW
16	IT.
17	Q. WHO WOULD KNOW THAT? WHO'S THE PERSON UP THERE
18	AT NORTHWEST MARINE THAT WOULD HAVE THAT KIND OF
19	INFORMATION?
20	A. IT WOULD BE IN OUR ACCOUNTING DEPARTMENT. THEY
21	KEEP JOB COSTS.
22	Q. IS IT YOUR TESTIMONY THAT YOU REALLY DON'T
23	WELL, YOU KNOW AHEAD OF TIME WHEN YOU SUBMIT YOUR BID
24	WHETHER YOU'RE COVERING WHAT YOU'VE PROJECTED TO BE YOUR
25	OVERHEAD FOR THE YEAR.

<u>:</u>	A. YEAH. I DON'T PERSONALLY KNOW BECAUSE, AS I
i.	SAID, I DON'T USUALLY PUT THE BIDS ON THE JOB. I DISCUSS
; 3	SOME OF THE JOBS IF THEY'RE OF LARGE MAGNITUDE.
4	Q. DO YOU KNOW THE RATE ITSELF, EITHER IN 1989 OR
5	1990, GENERALLY WHAT THE RATE WOULD BE THAT WOULD COVER
6	OVERHEAD, NO MATTER WHAT KIND OF JOB NORTHWEST MARINE IS
7	BIDDING ON?
8	MR. SCHWARTZ: THERE'S DIFFERENT TYPES OF
9	OVERHEAD, FIXED AND
10	THE WITNESS: I'D HAVE TO SPECULATE, SITTING
11	HERE.
12	BY MR. MINER:
13	Q. WHO WOULD BE THE PERSON THAT WOULD KNOW THAT IN
14	THE ACCOUNTING DEPARTMENT?
15	A. JACK HANDLEY.
16	Q. WHAT'S THE LAST NAME?
17	A. HANDLEY. HANDLEY, H-A-N-D-L-E-Y.
18	MR. RANDLES: I SHOULD STATE, FOR THE RECORD,
19	GREG, THAT'S NOT THE KIND OF INFORMATION YOU'VE PROVIDED US
20	YET.
21	MR. MINER: WHAT'S THAT?
22	MR. RANDLES: THIS VERY INFORMATION THAT YOU'RE
23	TRYING TO GET FROM MR. ENGLE HERE, AS I UNDERSTAND IT, IT'S
24	ON A COMPUTER THAT YOU COULD PUNCH A FEW BUTTONS AND WE
25	COULD GET BUT WE HAVEN'T BEEN PROVIDED YET.

1	MR. MINER: I DON'T KNOW IF THAT'S RIGHT. I
2	HEARD YOU SAY THAT EARLIER THIS MORNING.
3	MR. RANDLES: MR. STEEN SAID THAT. WE HOPE TO
4	GET IT NOW THAT YOU WANT IT.
5	THE WITNESS: YOU KNOW, LLOYD, THIS
6	INFORMATION CAN WE GO OFF THE RECORD? CAN I SAY THAT?
7	OR OTHERWISE LET'S GO OUTSIDE AND TALK.
8	MR. SCHWARTZ: LET'S TAKE ANOTHER FIVE-MINUTE
9	RECESS, IF THAT'S OKAY WITH YOU.
10	MR. MINER: THAT'S ALL RIGHT.
11	(RECESS TAKEN.)
12	BY MR. MINER:
:3	Q. WHAT WAS IT THAT YOU WANTED TO SAY?
14	A. NOTHING NOW. I ANSWERED LLOYD ANSWERED MY
15	QUESTION.
16	Q. OKAY. YOU'RE NOT FAMILIAR THEN, MR. ENGLE,
17	WITH THE ONLY MR. HANDLEY WOULD BE OR HANDLEY IS THE
18	FELLOW AT NORTHWEST MARINE WHO WOULD BE ABLE TO ANSWER MY
19	QUESTION ABOUT WHAT RATE NORTHWEST MARINE HAD TO BID TO
20	COVER ITS OVERHEAD IN 1989 AND 1990?
21	A. THAT'S CORRECT.
22	Q. AND THAT WOULD BE
23	MR. RANDLES: EXCUSE ME, GREG. I THINK YOU
24	MAYBE MISCHARACTERIZED IT. IF YOU ASSUME THAT THERE
25	WOULDN'T BE ANY GROWTH, A HIGHER RATE FOR EXTRA WORK, IF

1	THAT'S WHAT YOU'RE SAYING?
2	I MEAN, IN OTHER WORDS, YOU DON'T WANT
3	NECESSARILY THE BID THE RATE THAT THEY WOULD HAVE TO BID
4	AS MUCH AS THE MAN-HOUR COST THAT WOULD COVER THEIR
5	OVERHEAD, I'M ASSUMING.
6	BY MR. MINER:
7	Q. I'M INTERESTED IN KNOWING
8	A. WELL, WHATEVER YOU'RE INTERESTED IN KNOWING, IF
9	IT'S GOT TO DO WITH THAT SUBJECT, ASK JACK, NOT ME.
10	Q. JACK HANDLEY?
11	A. RIGHT.
12	Q. I ASSUME IT'S A DIFFERENT FIGURE THAN SOUTHWEST
13	MARINE'S DURING THE SAME PERIOD OF TIME?
14	A. EVERY YARD IS DIFFERENT.
15	Q. WHAT I WAS INTERESTED IN KNOWING, JUST SO IT'S
16	CLEAR, IS WE TALKED BEFORE AND YOU DEFINED FOR ME WHAT THE
17	EFFECTIVE BID RATE WAS, BID LESS MATERIALS, SUBCONTRACTOR
18	COSTS, ANY OTHER EXPENSES, THE NET DOLLAR FIGURE DIVIDED BY
19	THE NUMBER OF MAN-HOURS
-20	A. RIGHT.
21	Q THAT YOU ESTIMATE. THAT'S THE RATE THAT I
22	WAS INTERESTED IN ON A MAN-HOUR BASIS.
23	A. AND THAT'S THE RATE THAT YOU'RE GOING TO HAVE
24	TO GET FROM JACK.
25	Q. ARE YOU FAMILIAR WITH WHETHER OR NOT NORTHWEST

1	MARINE, ON AN ANNUAL BASIS, HAS BEEN COVERING ITS OVERHEAD
2	COSTS?
3	MR. SCHWARTZ: WELL, I'M GOING TO OBJECT THERE.
4	I DON'T THINK YOU HAVE TO ANSWER ANY QUESTIONS THAT DEAL
5	WITH THE PROFITABILITY OF THE DIVISION.
6	MR. MINER: ANY QUESTIONS THAT I ASK YOU THAT
7	HAS TO DO WITH THE PROFITABILITY OF NORTHWEST MARINE SINCE
8	YOUR STOCK BUY-OUT OF THAT COMPANY, YOU'RE NOT GOING TO
9	ANSWER?
10	MR. SCHWARTZ: OBJECT. RELEVANCE.
11	BY MR. MINER:
12	Q. IS IT YOUR TESTIMONY THIS IS WHAT I
13	UNDERSTOOD YOU TO HAVE SAID MR. ENGLE, IS IT YOUR
14	TESTIMONY THAT NORTHWEST MARINE WOULD HAVE GONE OUT OF
15	BUSINESS IF YOU HAD NOT ENTERED INTO THE STOCK BUY-OUT
16	AGREEMENT THAT YOU DID ENTER INTO?
17	A. YES.
18	Q. AND HOW CONFIDENT WERE YOU THAT YOU COULD HAVE
19	BOUGHT THE ASSETS OF NORTHWEST MARINE IN A BANKRUPTCY
20	LIQUIDATION
21	A. EXTREMELY.
22	Q I MEAN REALIZING
23	A. EXTREMELY CONFIDENT.
24	Q. OKAY. CAN YOU TELL ME WHY YOU WERE?
25	A. BECAUSE BILL ZAVIN, WHO WAS AT THE TIME

The second secon

1	OPERATING AS A PRINCIPAL OWNER OF NORTHWEST MARINE, KNEW WHO
2	THE SUITORS WOULD HAVE BEEN TO ACQUIRE IT. AND I HAD AN
3	IDEA AS TO THE VALUE OF THE ASSETS AND DETERMINED THAT WE
4	WERE THE LOGICAL ACQUIRER OF THOSE ASSETS.
5	Q. ZAVIN TELL YOU WHO THOSE SUITORS WERE?
6	A. HE TOLD ME HE TALKED TO DIFFERENT COMPANIES;
7	BATH IRON WORKS BEING ONE, I THINK INGALS BEING TWO.
8	Q. I-N-G-A-L-S?
9	A. YES. OF COURSE, HE DID NOT TALK TO TODD. THEY
10	WERE IN DEEP TROUBLE THEMSELVES. AND THEN THERE WAS ANOTHER
11	COMPANY, I FORGET WHO IT WAS, BUT SOMEBODY WAS TRYING TO PUT
12	A DEAL TOGETHER THAT NEVER CAME TOGETHER.
13	Q. DO YOU HAVE ANY RECOLLECTION, BALLPARK FIGURE
14	OF WHAT THE VALUE OF NORTHWEST MARINE'S ASSETS WERE IN
15	LIQUIDATION OR UNDER A LIQUIDATION SCENARIO?
16	A. WELL, I THINK, IF I CAN JUST RECALLING,
17	TRYING TO THINK WHAT IT WAS, I PROBABLY WOULD HAVE BID ABOUT
18	\$10 MILLION DOLLARS, SOMETHING LIKE THAT.
19	MR. SCHWARTZ: HE SAID ASSETS NOW.
20	THE WITNESS: THAT INCLUDES THE PROPERTY?
21	MR. SCHWARTZ: PERSONAL PROPERTY, THE REAL
22	ESTATE.
23	THE WITNESS: I WAS LOOKING AT SECURED, SO I
24	HAD THE PROPERTY TO DEAL WITH AND THE SECURED ASSETS, BEING

THE TOOLS AND EQUIPMENT. THE REST OF IT HAD NO VALUE AND

25

1	THE REST OF IT WAS UNSECURED. CONTRACTS IN PLACE AND CLAIMS
2	WERE WORTH NOTHING.
3	BY MR. MINER:
4	Q. NORTHWEST MARINE HAD A SUBSTANTIAL NUMBER OF
5	NAVY CLAIMS OR CLAIMS ON NAVY SHIPS AT THAT TIME, DIDN'T IT?
6	A. YEAH, IT DID.
7	Q. AND DID THAT FROM WHAT YOU JUST SAID, I
8	UNDERSTOOD YOU TO PUT NO VALUE OR VERY LITTLE VALUE UNDER A
9	LIQUIDATION ANALYSIS TO THOSE CLAIMS.
10	A. I WOULD HAVE PUT NO VALUE.
11	Q. NONE?
12	A. NONE.
13	Q. IS THAT BECAUSE YOU REVIEWED THEM AS TO THEIR
14	MERITS, OR JUST BECAUSE OF THE TYPICAL UNCERTAINTIES OF WHAT
15	YOU CAN GET OUT OF THE GOVERNMENT UNDER THOSE CLAIMS?
16	A. TYPICAL UNCERTAINTIES, AND THEN FINDING OUT THE
17	APPROPRIATE DOCUMENTATION IN THE EVENT YOU HAD TO TAKE THE
18	CLAIM TO COURT. I DIDN'T HAVE ACCESS TO THE DOCUMENTATION.
19	MR. SCHWARTZ: AND I ASSUME, UNDER A STRAIGHT
20	LIQUIDATION SCENARIO, YOUR THOUGHT WAS THAT YOU COULD NOT
21	STEP INTO THE SHOES OF THE FORMER CONTRACTOR AND PARTY TO
22	THE CONTRACT WITH THE GOVERNMENT; IS THAT CORRECT?
23	THE WITNESS: THAT'S CORRECT.
24	BY MR. MINER:

HOW LONG DID YOU THINK -- OR DID YOU LOOK AT

25

Q.

1	HOW LONG IT WOULD TAKE TO GET NORTHWEST MARINE UP AND
2	RUNNING IN PORTLAND IF YOU HAD BOUGHT OUT NORTHWEST MARINE'S
3	ASSETS IN A BANKRUPTCY LIQUIDATION? HOW LONG WOULD IT HAVE
4	TAKEN TO GET THE NEW COMPANY UP AND RUNNING IN PORTLAND?
5	MR. RANDLES: OBJECTION. NO FOUNDATION.
6	BY MR. MINER:
.7	Q. WELL, DID YOU LOOK AT THAT AT ALL?
8	A. I DIDN'T DO AN ANALYSIS.
9	THE REPORTER: ONE AT A TIME, PLEASE.
10	BY MR. MINER:
11	Q. DID YOU LOOK AT HOW LONG IT WOULD HAVE TAKEN IF
12	YOU HAD TO GO THE BANKRUPTCY LIQUIDATION ROUTE?
13	A. YES. IT WOULD HAVE TAKEN ME SIX MONTHS FROM
14	THE FALL OF THE GAVEL.
15	Q. SIX MONTHS TO START WORKING ON ANY SHIPS?
16	A. TO BE UP AND RUNNING. I WOULD HAVE STARTED
17	WORKING ON SHIPS RIGHT AWAY.
18	Q. YOU COULD HAVE, UNDER YOUR ANALYSIS, YOU COULD
19	HAVE STARTED GENERATING REVENUE RIGHT AWAY; IT WOULD HAVE
20	TAKEN SIX MONTHS TO BE GOING FULL-BORE, 100 PERCENT? THAT'S
21	WHAT I UNDERSTAND YOU TO SAY.
22	A. TO BE SUBSTANTIAL COMP UP AND RUNNING,
23	YEAH, SIX MONTHS. WE COULD HAVE, UPON THE JUDGE'S TRANSFER
24	OF THE ASSETS TO ME AND AN AGREEMENT WITH THE PORT OF
25	PORTLAND FOR A USER'S PERMIT, BEEN GENERATING REVENUE WITHIN

1	30 DAYS.
2	Q. HOW LONG DID YOU THINK OR DID YOU DID YOU
3	ESTIMATE OR LOOK AT HOW LONG IT WOULD TAKE TO GET A USER'S
4	AGREEMENT?
5	A. I FIGURED IT WOULD TAKE 30 DAYS FOR A USER'S
6	AGREEMENT.
7	Q. HAD YOU TALKED TO THE PORT OF PORTLAND ABOUT
8	THAT, AT ALL?
9	A. I ONLY TALKED TO 'EM IN REFERENCE TO THE
10	CONVERSATION I HAD WITH WOODELL.
11	Q. DID THE PORT MAKE ANY PROMISES ABOUT THAT,
12	WHETHER THEY'D GUARANTEE THAT YOU'D GET A USER'S AGREEMENT
13	IF A LIQUIDATION HAD TO OCCUR?
14	A. THE PORT?
15	Q. RIGHT.
16	A. NO, THEY WOULDN'T MAKE ANY PROMISES.
17	Q. THE PORT, THOUGH, IS EXTREMELY INTERESTED IN
18	SEEING SOUTHWEST MARINE COME IN AND COMPLETE THE STOCK
19	BUY-OUT; WERE THEY NOT?
20	MR. RANDLES: OBJECTION. THIS WITNESS IS NOT
21	IN A POSITION TO CHARACTERIZE WHAT THE PORT WAS DOING.
22	BY MR. MINER:
23	Q. WELL, HOW DID THE PORT RESPOND TO YOUR
24	PROPOSAL?
25	A. INITIALLY, VERY NEGATIVELY.

	Q : A	ND WHY	WAS	THAT?	BE	ECAUSE	THEY	WERE	 THEY
SIMPLY	WEREN'T	BEING	PAID	OFF	THE	DEBT?			

10

11

12

14

1.5

- A. I THINK THAT MIGHT HAVE HAD SOMETHING TO DO
  WITH IT. I THINK THE INITIAL REACTION TO ANYBODY, IF YOU
  WALK IN AND SAY I'M NOT GOING TO PAY YOU BUT LET'S GO ALONG
  WITH THE PLAN, YOU'RE GOING TO BE NEGATIVE UNTIL ALL THE
  DETAILS AND THE ANALYSIS IS DONE.
- Q. IT'S YOUR TESTIMONY, AFTER THE PORT LOOKED AT IT CLOSER, THEY CAME TO THE CONCLUSION THIS WAS THE BEST DEAL THAT WAS AVAILABLE TO THEM?
- A. AS I SAID EARLIER, I THINK THE PORT DID A HELL
  OF A JOB CUTTING THEMSELVES A GOOD DEAL. 30 DAYS HENCEFORTH
  THE THING WOULD HAVE BEEN IN BANKRUPTCY, 'CAUSE NORTHWEST
  MARINE HAD NO MONEY, AND THE PORT WOULDN'T HAVE GOTTEN 15
  CENTS.
- Q. DO YOU KNOW WHETHER OR NOT NORTHWEST MARINE,
  SINCE THE BUY-OUT, STOCK BUY-OUT, HAS, IN ORDER TO INCREASE
  THE AMOUNT OF BUSINESS IT HAS IN PORTLAND, HAS TAKEN -- HAS
  CUT ITS TOTAL MAN-HOURS THAT IT BIDS ON JOBS?
  - A. (NO AUDIBLE RESPONSE.)
- Q. IN OTHER WORDS, HAS IT TAKEN THE STRATEGY, IN
  ORDER TO INCREASE THE AMOUNT OF BUSINESS THAT IT HAS IN
  PORTLAND, THAT IT WILL CUT, AFTER IT ESTIMATES WHAT IT
  TAKES, WHAT IT BELIEVES IT WILL TAKE TO FINISH A JOB, THAT
  IT WILL CUT OFF SOME PORTION OF THOSE ESTIMATED MAN-HOURS IN

1	ORDER TO LOWER ITS BID?
2	MR. SCHWARTZ: I BELIEVE THE WITNESS HAS
3.	ALREADY TESTIFIED ON TWO SEPARATE OCCASIONS THAT HE BIDS THE
4	MARKET.
5	THE WITNESS: I WILL ANSWER THE QUESTION BY
6	SAYING WE HAVE CUT MAN-HOURS. THERE'S NO QUESTION. I SPENT
7	\$700,000 WITH RICHEY & ASSOCIATES TO PUT IN A PRODUCTIVITY
8	IMPROVEMENT PROGRAM IN THAT PLANT, AND I'VE BEEN TOLD THAT
9	WE ARE SAVING 6 TO 8 PERCENT, 9 PERCENT OF DIRECT HOURS.
10	BY MR. MINER:
11	Q. BY SIMPLY ESTIMATING LOWER NUMBER OF HOURS?
12	A. NO. YOU DON'T CHANGE THE ESTIMATE. YOU CAN'T
13	MEASURE THE PRODUCTIVITY UNLESS YOU KEEP SOMETHING CONSTANT.
14	Q. BY INCREASING PRODUCTIVITY?
15	A. CORRECT.
16	Q. AND AS YOU'VE INCREASED PRODUCTIVITY HAS THERE
17	BEEN ANY CUTTING IN THE EFFECTIVE BID RATE THAT'S USED FROM
18	JOB TO JOB BY NORTHWEST MARINE?
19	A. NO.
20	Q. HAS NORTHWEST MARINE INCREASED ITS SHARE OF THE
21	WORK AT PORTLAND SHIP REPAIR YARD SINCE THE STOCK BUY-OUT?
22	A. YOU'RE ASKING THE WRONG GUY. YOU GOT TO ASK
23	THIS GUY. THEY KEEP TRACK OF THE DOLLARS THAT GO THROUGH
24	THE PORT.
25	O HAVE THE REVENUES INCREASED FROM THE \$20

Ţ	MIDDION FIGORE THAT TOO ODED BEFORE:
2	A. I THINK WE'RE UP SOMEWHAT, 10 PERCENT MAYBE.
3	Q. AND WHAT DO YOU ATTRIBUTE THAT TO?
4	A. WE'VE HAD SOME MAJOR JOBS IN THE LAST YEAR,
5	MAJOR NAVY OVERHAUL AND A MAJOR ALASKAN FERRY UPGRADE AND
6	REMOVING THE MIDBODY ON THE KEYSTONE CANNON.
7	Q. WHAT WAS THE DO YOU REMEMBER THE NAME OF THE
8	NAVY OVERHAUL, THE SHIP?
9	A. STANLEY.
10	Q. AND THEN WHAT WAS THE FERRY UPGRADE?
11	A. TUSTAMENA (PH).
12	Q. ARE YOU AWARE OF WHETHER OR NOT EITHER CASCADE
13	GENERAL OR WEST STATE, YOUR TWO COMPETITORS THERE, HAVE,
14	SINCE APRIL OF '89, BID AN EFFECTIVE BID RATE THAT'S LOWER
15	THAN THEIR OVERHEAD?
16	A. AM I AWARE OF IT?
17	Q. YEAH.
18	A. NO, I AM NOT AWARE OF IT.
19	Q. HAVE YOU HEARD ANYBODY SAY THAT EITHER/OR BOTH
20	OF THOSE COMPANIES HAVE HAD TO DO THAT IN ORDER TO COMPETE
21	WITH NORTHWEST MARINE SINCE APRIL OF '89?
22	A. NO.
23	Q. DO YOU HAVE AN OPINION ABOUT WHETHER WEST STATE
24	COULD HAVE INCREASED THE AMOUNT OF WORK THAT IT DID IN THE
25	EVENT THAT NORTHWEST MARINE HAD COME OUT OF BUSINESS?

1	MR. RANDLES: OBJECTION. NO FOUNDATION.
2	THE WITNESS: IF NORTHWEST MARINE HAD OF GONE
3	OUT OF BUSINESS, IT STANDS TO REASON THEY WOULD HAVE
4	INCREASED AT LEAST SOMEWHAT. I DON'T KNOW HOW MUCH.
5	MR. RANDLES: YOU'RE ASSUMING THAT W THAT
6	SOUTHWEST WOULD NOT HAVE COME BACK IN? IT'S JUST CASCADE
7	AND WEST STATE?
8	BY MR. MINER:
9	Q. TWO-CONTRACTOR SCENARIO.
10	A. RIGHT, TWO-CONTRACTOR SCENARIO, EACH OF THOSE
11	CONTRACTORS WOULD HAVE PROBABLY GOT MORE BUSINESS THAN WITH
12	A THIRD.
13	Q. I THINK YOU SAID BEFORE, I MAY NOT HAVE ASKED
14	YOU THIS SPECIFIC QUESTION, BUT I THINK YOU SAID BEFORE YOU
15	DID NOT DO ANY KIND OF ANALYSIS OF WHAT PORTION OF NORTHWEST
16	MARINE'S EXISTING WORK AND THE WORK THAT THEY HISTORICALLY
17	GOT WOULD HAVE STAYED THERE AND WOULD HAVE GONE TO THOSE TWO
18	CONTRACTORS AND WHAT PART WOULD HAVE GONE SOMEWHERE ELSE.
19	A. NO, I DID NOT. I WOULD ASSUME THAT, ONLY AS AN
20	ASSUMPTION, THAT WOULD HAVE BEEN THE ORDINARY DRIVE-IN SMALL
21	SHAVE-AND-HAIRCUT TANKER WORK.
22	Q. AS BEING THE WORK THAT
23	A. THAT THEY WOULD HAVE CONTINUED TO DO, 'CAUSE
24	THE FACILITY, THE DRY DOCK, IS THE REQUIREMENT THAT DICTATES
25	AND NECESSITATES THE WORK GOING TO PORTLAND.

1	Q. AND THE SHAVE-AND-A-HAIRCUT WORK, THAT YOU
2	DESCRIBED SO COLORFULLY AS WHAT YOU'RE TALKING ABOUT, WOULD
3	HAVE NEEDED THE 4, NUMBER 4 DRY DOCK?
4	A. YES.
5	Q. ALL RIGHT. OTHER THAN SHIPS THAT NEEDED THAT
6	DRY DOCK, THEN, IS IT YOUR TESTIMONY THAT ALL OTHER SHIPS
7	THAT HAVE USED HAVE COME INTO PORTLAND AND NORTHWEST
8	MARINE HAS WORKED ON COULD HAVE GONE SOMEWHERE ELSE?
9	MR. RANDLES: OBJECTION. NO FOUNDATION; CALLS
10	FOR SPECULATION.
11	BY MR. MINER:
12	Q. SINCE APRIL OF '89, THEN, ARE YOU SAYING THAT
13	ALL OTHER SHIPS, SHIPS THAT DID NOT SPECIFICALLY NEED DRY
14	DOCK NUMBER 4, COULD HAVE GONE TO ANOTHER WEST COAST
15	SHIPYARD?
16	MR. RANDLES: SAME OBJECTION.
17	MR. MINER: I'M SORRY?
18	MR. RANDLES: SAME OBJECTION.
19	MR. MINER: WHICH WAS?
20	MR. RANDLES: NO FOUNDATION; CALLS FOR
21	SPECULATION.
22	THE WITNESS: WELL, I THINK THE ANSWER IS
23	SIMPLE. THE QUESTION IS SHIPS ARE A MOBILE ASSET. THEY CAN
24	GO ANYWHERE. PRIMARY DRIVING FORCE IN THE CASE OF YOUR
25	QUESTION IS DRY DOCK NUMBER 4. SO YES, EVERY JOB THAT WENT

1	THROUGH THAT FACILITY COULD PHYSICALLY, IF IT DID NOT
2	REQUIRE DRY DOCK NUMBER 4, COULD PHYSICALLY HAVE GONE TO
3	ANOTHER WEST COAST YARD.
4	BY MR. MINER:
5	Q. IN THEORY?
6	A. IN THEORY. THAT'S PROVIDING THE OWNER WANTED
7	TO TAKE 'EM THERE.
8	Q. YEAH. AND YOU DID NO ANALYSIS OF THE EXTENT TO
9	WHICH EITHER CASCADE GENERAL OR WEST STATE WOULD HAVE, LET'S
10	SAY, PERCENTAGE INCREASE OF THEIR BUSINESS IF NORTHWEST
11	MARINE HAD GONE OUT OF BUSINESS?
12	A. I NEVER DID ANY ANALYSIS OF THAT, NO.
13	Q. DO YOU KNOW IF NORTHWEST MARINE HAS, AS A
14	GENERAL PROPOSITION, HIGHER OVERHEAD IN PORTLAND THAN THE
15	OTHER TWO SHIP REPAIR CONTRACTORS?
16	A. I DON'T KNOW.
17	Q. YOU DON'T KNOW IF THEY HAVE TO PAY MORE BECAUSE
18	OF THEIR REAL ESTATE THAT THEY OWN AND THE EXTENT OF
19	EQUIPMENT THAT THEY OWN THAN EITHER WEST STATE OR CASCADE
20	GENERAL?
21	A. I DON'T KNOW HOW MUCH EQUIPMENT EITHER ANY
22	OF THOSE OTHER COMPANIES OWN OR HOW MUCH REAL ESTATE THAT
23	THEY LEASE FROM THE PORT OR PAY THE PORT.
24	Q. ARE YOU AWARE OF WHETHER OR NOT, SINCE APRIL OF

'89, CASCADE EITHER -- EITHER CASCADE OR WEST STATE HAS

1	EXCESS CAPACITY OR UNDERUTILIZED CAPACITY; IN OTHER WORDS,
2	WHETHER THEY COULD TAKE ON MORE WORK SINCE APRIL OF '89?
3	MR. RANDLES: YOU MEAN
4	BY MR. MINER:
5	Q. WITHOUT EXPANDING THEIR FACILITIES, WITHOUT
6	ADDING MANAGEMENT, WITHOUT ADDING MORE FINANCIAL CAPABILITY,
7	WHETHER
8	A. I'M SURE THEY COULD HAVE, YEAH.
9	Q GIVEN THEIR EXISTING CAPACITY, AS OF APRIL
10	OF '89 TO THE PRESENT AND WHAT IT HAS BEEN, WHETHER THEY
11	COULD TAKE ON MORE WORK AT VARIOUS PERIODS OF TIME.
12	MR. RANDLES: I OBJECT. I DON'T THINK YOU'VE
13	LAID A FOUNDATION. I DON'T THINK THIS WITNESS IS IN A
14	POSITION TO KNOW WHAT THE CAPACITY OR LACK THEREOF,
15	PARTICULARLY THE FINANCIAL ASPECT, GREG.
16	BY MR. MINER:
17	Q. WELL, ARE YOU GENERALLY AWARE OF WHETHER OR NOT
18	THE OTHER COMPETITORS TO YOUR COMPANY, TO NORTHWEST MARINE,
19	THE OTHER COMPETITORS THERE HAVE BEEN HAVE BEEN RUNNING
20	AT FULL CAPACITY EVERY MONTH SINCE APRIL OF '89?
21	MR. RANDLES: SAME OBJECTION.
22	MR. SCHWARTZ: I CAUTION MR. ENGLE AGAIN NOT TO
23	SPECULATE IF HE DOESN'T KNOW THE ANSWER.
24	THE WITNESS: I KNOW THE ANSWER, THEY HAVE NOT

RUN AT FULL CAPACITY, AND THEY CANNOT IN THIS BUSINESS.

WE'RE IN A CYCLICAL BUSINESS AND WHEN YOU'RE IN A CYCLICAL BUSINESS, YOU'RE GOING TO HAVE MONTHS WHEN NOBODY HAS ANYTHING TO DO.

YOUR QUESTION, AS POSED, WAS THERE ANY MONTH
WHEN THEY WERE NOT RUNNING AT FULL CAPACITY. IN THIS
BUSINESS, BY DEFINITION, YOU HAVE TO HAVE THAT PROBLEM.
BY MR. MINER:

- Q. AND THAT'S BECAUSE OF THE CYCLICAL NATURE OF THE SHIP REPAIR BUSINESS ITSELF?
  - A. THAT'S RIGHT.
- Q. DO YOU KNOW WHETHER OR NOT NORTHWEST MARINE HAD BEEN RUNNING CLOSER TO 100 PERCENT CAPACITY THAN EITHER OF ITS COMPETITORS IN PORTLAND SINCE APRIL OF '89?

MR. RANDLES: OBJECTION. NO FOUNDATION.

THE WITNESS: NO, I DON'T.

BY MR. MINER:

Q. DID YOU ANALYZE THE COMPETITION, THAT'S CASCADE GENERAL AND WEST STATE, BEFORE THE STOCK BUY-OUT?

DID YOU TAKE A LOOK AT, IN OTHER WORDS, THE -WHAT PORTION OF THE BUSINESS WEST STATE AND CASCADE WERE
GETTING AND WHAT THEY WERE BIDDING AND WHERE THEIR STRENGTHS
WERE, WHERE THEIR WEAKNESSES WERE OF EACH ONE OF THOSE
COMPANIES BEFORE THE STOCK BUY-OUT?

A. INFORMATION WAS PROVIDED TO ME FROM BILL ZAVIN
AS TO HIS OPINIONS, AND HE -- AS FAR AS THE MARKET SHARE,

4 ±	THAT'S PUBLIC INFORMATION WHICH I ASCERTAINED FROM THE PORT.
2	Q. DID ZAVIN GIVE YOU A WRITTEN OR ORAL REPORTS?
3	A. ORAL.
4	Q. CAN YOU RECALL WHETHER HE REPORTED TO YOU WHAT
5	THE VARIOUS COMPANIES WERE EACH USING AS AN EFFECTIVE BID
6	RATE?
7	A. HE NEVER REPORTED THAT TO ME.
8	Q. IF THE PORT OF PORTLAND HAD REFUSED TO FORGIVE
9	THE DEBT OWED TO IT BY NORTHWEST MARINE, IS IT YOUR
10	TESTIMONY THAT THAT WOULD HAVE KILLED THE STOCK BUY-OUT
11	DEAL?
12	A. ABSOLUTELY.
13	Q. IS IT YOUR RECOLLECTION THAT THE OTHER
14	CREDITORS WHO WERE FORGIVING ANY DEBT HAD ALREADY AGREED TO
15	DO THAT AS OF THE TIME THAT THE PORT WAS FACED WITH THE
16	DECISION TO FORGIVE DEBT OR NOT?
17	A. (NO AUDIBLE RESPONSE.)
18	Q. IN OTHER WORDS, THE OTHERS WERE LINED UP?
19	A. I THINK THE OTHERS WERE LINED UP. I THINK WE
20	HAD ALL THE DUCKS IN A ROW BUT THE PORT.
21	Q. IN YOUR ANALYSIS AND I DON'T KNOW WHETHER
22	YOU LOOKED AT THIS ISSUE OR NOT WAS THERE ANY ECONOMIC
23	BENEFIT TO THE PORT IN HAVING SOUTHWEST MARINE COME IN AND
24	BUY UP NORTHWEST MARINE'S STOCK, TAKE OVER A GOING CONCERN

AND KEEP THAT CONCERN GOING?

1	A. SURE.
2	Q. AND WHAT WOULD THAT HAVE BEEN?
3	A. WELL, I AGREED TO PAY 'EM A MILLION BUCKS OR
4	SOMETHING OUT OF PROFITS, WHICH IS AN ECONOMIC BENEFIT.
5	Q. AND THAT'S WHAT YOU'RE NOT SURE WHETHER ANY
6	PAYMENTS HAVE BEEN MADE?
7	A. I DON'T KNOW IF THEY HAVE OR HAVEN'T. BUT I
8	HAVE AN OBLIGATION TO PAY IT SO, I MEAN, IF WE MAKE A
9	PROFIT, THEY GET PAID. AND I GAVE THEM A LETTER OF CREDIT,
10	WHICH THEY LIKED.
11	Q. RIGHT. I THINK THAT WAS ABOUT A MILLION AND A
12	HALF LETTER OF CREDIT?
13	A. SOMETHING LIKE THAT. AND MAYBE I EVEN PAID
14	SOME I DON'T RECALL BUT I THINK WE AGREED TO PAY SOME
15	CURRENT CHARGES THAT WERE ONGOING AT THE TIME OF DISCUSSION
16	I DON'T KNOW THE DATE. THAT, WE AGREED TO PAY, WHICH IF TH
17	NORTHWEST MARINE HAD BEEN TANKED, THEY WOULDN'T HAVE GOT AN
18	OF THAT MONEY.
19	MR. SCHWARTZ: FOR SHIP WORK IN PROGRESS?
20	THE WITNESS: FOR SHIP WORK IN PROGRESS, RIGHT
21	BY MR. MINER:
22	Q. FOR PORT TARIFFS?
23	A. TARIFFS AND THEIR FEE. WHAT DO THEY CALL IT?
24	USER FEE?
25	Q. I BELIEVE THAT'S RIGHT.

1	A. RIGHT.
2	Q. ARE YOU FAMILIAR WITH HOW THAT MILLION DOLLAR
3	FIGURE WAS ARRIVED AT? WAS IT JUST NEGOTIATED BACK AND
4	FORTH OR WAS IT A FIGURE THAT
5	A. NEGOTIATED.
6	Q. I GOT ONE OTHER EXHIBIT I WANTED TO SHOW YOU.
7	MARK THIS EXHIBIT 2.
8	(ROBERT WOODELL LETTER TO ART ENGEL, 3-28-89,
9	MARKED PLAINTIFF'S EXHIBIT 2 FOR IDENTIFICATION.)
10	BY MR. MINER:
11	Q. LET ME SHOW YOU WHAT'S BEEN MARKED AS EXHIBIT
12	2.
13	MR. SCHWARTZ: DO YOU HAVE ANOTHER COPY?
14	MR. MINER: UNFORTUNATELY, THAT'S THE ONLY ONE
15	MR. SCHWARTZ: I'LL READ OVER HIS SHOULDER.
16	BY MR. MINER:
17	Q. THIS IS A LETTER FROM BOB WOODELL, PORT OF
18	PORTLAND, TO YOU, DATED MARCH 28, 1989.
19	AND IT ADDRESSES THE SOME OF THE TERMS OF
20	THE AGREEMENT THAT WE'VE BEEN TALKING ABOUT TODAY. I'LL LET
21	YOU TAKE A LOOK AT IT BEFORE I ASK YOU ANY QUESTIONS.
22	A. OKAY.
23	Q. THE ITEM 1 ON PAGE 1 SAYS, "THE PORT WILL
24	RECEIVE FROM THE SHAREHOLDERS OF NORTHWEST AN ASSIGNMENT OF
25	62.5 PERCENT OF THE PAYMENTS TO BE MADE PURSUANT TO

1	PARAGRAPH 9 OF THE AGREEMENT." AND THAT'S THE LETTER
2	AGREEMENT THAT WE TALKED ABOUT EARLIER, FEBRUARY 23, 1989,
3	BETWEEN SOUTHWEST AND NORTHWEST.
4	ARE YOU AWARE OF HOW THE \$100,000 FIGURE,
5	"SOUTHWEST SHALL GUARANTEE", IN THE NEXT SENTENCE THERE,
6	"THAT THE PORT WILL BE PAID A MINIMUM OF A \$100,000 PER YEAR
7	FOR THE YEARS ENDING," AND THEN IT'S THE NEXT FIVE YEARS,
. 8	MAY 31, '91 , '92, 1993, 1994 AND '95?
9	A. NO, I'M NOT.
10	MR. SCHWARTZ: HOW IT WAS ARRIVED AT, COUNSEL?
11	MR. MINER: RIGHT. HOW THAT \$100,000 MINIMUM
12	WAS ARRIVED AT.
13	THE WITNESS: NO.
14	BY MR. MINER:
15	Q. ARE THERE ANY DOCUMENTS THAT YOU'RE AWARE OF
16	THAT WOULD SHOW HOW THE MILLION DOLLARS OUT OF PROFITS OF
17	NORTHWEST MARINE WAS ARRIVED AT?
18	A. NO.
19	Q. IN OTHER WORDS, A PROJECTION OF NORTHWEST
20	MARINE AS TO HOW FAST, IF AT ALL, THAT MILLION DOLLARS WOULD
21	BE GENERATED?
22	A. NO.
23	Q. AT THE TIME THAT NORTHWEST MARINE'S STOCK WAS
24	BOUGHT OUT BY SOUTHWEST MARINE, IS IT YOUR TESTIMONY THAT
25	THERE WAS ENOUGH WORK TO SPREAD AROUND AMONGST THE THREE

1	CONTRACTORS?
2	MR. RANDLES: I OBJECT. I DON'T KNOW WHAT THAT
3	MEANS, SPREAD AROUND ENOUGH WORK.
4	BY MR. MINER:
5	Q. WAS THERE
6	MR. RANDLES: FOR WHAT PURPOSE UNDER WHAT
7	SCENARIO?
8	BY MR. MINER:
9	Q. WAS THERE ENOUGH WORK AVAILABLE FOR ALL THREE
10	CONTRACTORS SO THAT THEY COULD, EACH ONE OF THEM COULD,
11	PROFIT?
12	A. I HAVE NO IDEA.
13	MR. SCHWARTZ: WELL, I'M GOING TO
14	BY MR. MINER:
15	Q. DO YOU KNOW WHETHER, SINCE THAT TIME, THERE'S
16	BEEN ENOUGH WORK THERE FOR ALL THREE CONTRACTORS
17	MR. RANDLES: OBJECTION. NO FOUNDATION.
18	BY MR. MINER:
19	Q SO THEY CAN OPERATE PROFITABLY?
20	MR. RANDLES: SAME OBJECTION.
21	THE WITNESS: I HAVE NO IDEA.
22	BY MR. MINER:
23	Q. SINCE APRIL OF '89 DO YOU KNOW WHETHER OR NOT
24	THE PORTLAND SHIP REPAIR YARD HAS BEEN MORE COMPETITIVE THAN
25	ANY OF THE OTHER WEST COAST SHIP REPAIR YARDS, WHETHER

1	COMPETITION IS STIFFER THAN ANY OF THE OTHER WEST COAST SHIP
2	YARDS?
3	MR. RANDLES: OBJECT. NO FOUNDATION AS TO WHAT
4	TYPE OF WORK, DURING WHAT PERIOD OF TIME, WHAT KIND OF
5	VESSELS.
6	MR. SCHWARTZ: CALLS FOR SPECULATION. IF HE
7	BELIEVES THERE'S A PERIOD OF TIME, HE CAN SAY SO, IF IT'S
8	NOT GENERALLY THE SAME FROM YARD TO YARD.
9	THE WITNESS: I DON'T QUITE UNDERSTAND THE
10	QUESTION.
11	MR. RANDLES: SO I DON'T INTERRUPT, LET ME HAVE
12	THE OBJECTION, 'CAUSE I THINK YOU NEED TO PROVIDE THAT
13	INFORMATION AND I OBJECTED FOR THE RECORD. I'LL HAVE MY
14	OBJECTION, YOU HAVE THE QUESTION, SO I DON'T HAVE TO
15	INTERRUPT HERE.
16	BY MR. MINER:
17	Q. DO YOU KNOW WHETHER OR NOT, SINCE APRIL OF '89,
18	THE COMPETITION AMONG THE THREE REPAIR CONTRACTORS IN
19	PORTLAND HAS BEEN MORE VIGOROUS, STIFFER, TOUGHER
20	COMPETITION THAN ON A SHIP-BY-SHIP BASIS, WHETHER YOU'RE
21	TALKING ABOUT GOVERNMENT WORK OR COMMERCIAL WORK THAN IT
22	HAS BEEN IN THE OTHER SHIP REPAIR YARDS ON THE WEST COAST
23	WHERE YOUR COMPANY OPERATES?
24	MR. RANDLES: SAME OBJECTION.
25	THE WITNESS: NO, I DON'T THINK IT'S ANY

1	TOUGHER.
2	BY MR. MINER:
3	Q. WHY NOT?
4	A. YOU JUST ASKED ME MY OPINION. SAN DIEGO IS A
5	TOUGH MARKET.
6	Q. WHO ARE YOUR PRINCIPAL COMPETITORS DOWN HERE?
7	A. CONTINENTAL MARITIME, NATIONAL STEEL, CAMPBELL
8	AND PACIFIC SHIP.
9	Q. AND ARE THEY MOSTLY COMPETING FOR THE
10	GOVERNMENT WORK?
11	A. YES.
12	Q. WHAT ABOUT AT PORTLAND AS COMPARED TO
13	SAN FRANCISCO OR SAN PEDRO, HAS IT BEEN
14	A. WELL, THERE'S NOT THAT MUCH COMPETITION IN
15	PORTLAND I MEAN IN SAN PEDRO ANYMORE OR SAN FRANCISCO
16	ANYMORE.
17	Q. HAS THE COMPETITION OR THE LEVEL OF COMPETITION
18	IN PORTLAND INCREASED SINCE APRIL OF '89?
19	MR. RANDLES: SAME OBJECTIONS AS PREVIOUSLY; NO
20	FOUNDATION.
21	THE WITNESS: WELL, THERE'S THREE COMPANIES IN
22	APRIL OF '89 AND THERE'S THREE COMPANIES NOW. THEY'RE ALL
23	VYING FOR THE SAME MARKET.
24	BY MR. MINER:
25	Q. HAS THE ABILITY OF ANY ONE OF THOSE COMPANIES

HAS THE ABILITY OF ANY ONE OF THOSE COMPANIES

Q.

1	TO COMPETE WITH THE OTHER INCREASED OR DECREASED SINCE APRIL
2	OF '89?
3	MR. RANDLES: OBJECTION.
4	BY MR. MINER:
5	Q. HAVE ONE OR ANOTHER OF THE COMPANIES BECOME
6	STRONGER OR WEAKER THAN IN APRIL OF '89?
7	MR. RANDLES: OBJECTION.
8	THE WITNESS: I DON'T KNOW.
9	BY MR. MINER:
10	Q. ARE YOU AWARE IF NORTHWEST MARINE TRIED TO SELL
11	ITS STOCK TO ANY OTHER CREDITOR PRIOR TO THE SOUTHWEST
12	MARINE DEAL?
13	A. I HAD HEARD THAT THEY HAD, YES.
14	Q. CAN YOU RECALL WHO THEY TRIED TO SELL THEIR
15	STOCK TO? OR IS IT THE SAME ANSWER THAT YOU GAVE EARLIER?
16	A. SAME ANSWER.
17	Q. BILL ZAVIN TALKING ABOUT BATH IRON WORKS AND
18	A. RIGHT.
19	Q INGLES?
20	A. SAME ANSWER.
21	Q. HAVE YOU EVER BEEN OF THE OPINION THAT THE
22	LEVEL OF COMPETITION, LEVEL OF BUSINESS COMPETITION, IN
23	PORTLAND WAS STIFFER THAN WHAT WOULD BE CONSIDERED NORMAL?
24	MR. RANDLES: OBJECTION. GREG, I DON'T KNOW
25	WHAT "NORMAL" IS, AND YOU HAVEN'T ALSO IDENTIFIED WHAT TYPE

1	OF WORK YOU'RE TALKING ABOUT DURING WHAT TIME PERIOD.
2	BY MR. MINER:
3	Q. WELL, SINCE MOST OF THE WORK DONE THERE IS
4	COMMERCIAL, IN OTHER WORDS IT'S CERTAINLY MORE COMMERCIAL
5	THAN GOVERNMENT WORK, DO YOU BELIEVE THAT THERE DO YOU
6	BELIEVE SINCE AT ANY TIME THAT YOU'RE FAMILIAR WITH
7	PORTLAND SHIP REPAIR YARD, THAT THERE'S BEEN A PERIOD OF
8	TIME WHERE THERE'S BEEN A MORE NORMAL LEVEL OF BUSINESS
9	COMPETITION IN THE COMMERCIAL WORK THAN NOW?
10	MR. RANDLES: SAME OBJECTION.
11	THE WITNESS: NO. THERE'S BEEN THREE PEOPLE
12	THERE ALL THIS TIME. WHAT THEY DID PRIOR TO US ACQUIRING
13	NORTHWEST MARINE, I HAVE NO KNOWLEDGE OF. BUT IT'S BEEN
14	BASICALLY THE SAME. THEY BID THE MARKET. IF THERE'S NOT
15	MUCH WORK IN THE PORT IN A PARTICULAR YARD, THEY'RE ALL
16	CHEAPER. IF THE YARD IS FULL, THEN THEIR PRICES GO UP
17	ACCORDINGLY.
18	BY MR. MINER:
19	Q. IF THE WORK IS SHRINKING AND I DON'T KNOW IF
20	THAT HAS AT ANY POINT SINCE APRIL OF '89 TO THE PRESENT
21	BUT IF THE WORK SHRINKS, DO YOU KNOW WHETHER OR NOT ONE OF
22	THE THREE CONTRACTORS IN PORTLAND IS BETTER EQUIPPED TO GET
23	THAT WORK THAN THE OTHER TWO?
24	MR. SCHWARTZ: DO YOU UNDERSTAND WHAT HE MEANS
25	BY "BETTER EQUIPPED"?

1	THE WITNESS: NO. NO, I DON'T UNDERSTAND WHAT
2	YOU MEAN.
3	BY MR. MINER:
4	Q. HAVE YOU EVER LOOKED AT HAS THERE BEEN ANY
5	PERIOD OF TIME SINCE APRIL OF '89 WHERE THE LEVEL OF WORK
6	THERE HAS SHRUNK?
7	A. CYCLICALLY, YEAH.
8	Q. SOME DOWNTIME?
9	A. ONLY ON A MONTHLY BASIS. I THINK THE PORT OF
10	PORTLAND DOLLARS IN SHIP REPAIR HAS CONTINUED TO GROW
11	OVERALL. BUT AGAIN, THAT'S ONLY MY THAT'S AN ESTIMATE
12	THAT I'VE GOT. THE PORT KNOWS THE ANSWER TO THAT.
13	Q. DO YOU HAVE AN OPINION WHY THAT HAS OCCURRED,
14	WHY THE TOTAL REVENUE THE PORT IS ABLE TO GENERATE OR THE
15	LEVEL OF WORK THAT'S GOING TO THE PORT HAS INCREASED SINCE
16	APRIL OF '89?
17	A. MORE SHIPS ARE COMING IN.
18	Q. DO YOU KNOW WHY THAT IS?
19	A. WE BROUGHT IN SOME THAT NORMALLY MAY NOT HAVE
20	BEEN THERE, TUSTANENA (PH) IS AN EXAMPLE.
21	Q. THE ALASKAN FERRY JOB?
22	A. YEAH.
23	Q. HOW WERE YOU ABLE TO BRING THAT ONE IN?
24	A. IT WAS A BONDED JOB AND I BID ON IT.
25	Q. AND IT WOULDN'T HAVE OTHERWISE GONE TO PORTLAND

1	IF SOUTHWEST MARINE HADN'T BEEN READY TO BID OR NORTHWEST
2	AFTER THE SOUTHWEST BUYOUT?
3	A. I THINK THAT'S CORRECT, YES.
4	Q. HOW DO YOU KNOW THAT?
5	MR. RANDLES: OBJECTION. THAT'S ASKED AND
6	ANSWERED. I BELIEVE YOU ASKED AND HE'S ANSWERED.
7	MR. MINER: NO, I DON'T THINK SO. WE'RE
8	TALKING ABOUT A SPECIFIC JOB.
9	MR. RANDLES: HE'S TALKING ABOUT A BONDED JOB.
10	THE WITNESS: I DON'T THINK THE OTHER COMPANIES
11	HAVE THE BONDING CAPABILITY TO THE SIZE OF THE JOB THE
12	TUSTANENA (PH) WAS. THAT AGAIN IS SPECULATION. I'M NOT
13	POSITIVE. I'M NOT PRIVY TO THEIR FINANCIAL STATEMENTS.
14	BY MR. MINER:
15	Q. OKAY. ARE THERE ANY OTHER SHIPS THAT YOU
16	THINK
17	A. THE STANLEY.
18	Q YOUR BUY-OUT OF NORTHWEST MARINE STOCK
19	BROUGHT TO THE PORT?
20	A. STANLEY.
21	Q. AND WHY DO YOU THINK THAT'S THE CASE?
22	MR. SCHWARTZ: WELL, HE'S ANSWERED THAT
23	QUESTION.
24	MR. MINER: BUT THIS IS NOT A BONDED JOB.
25	THE WITNESS: IT'S A GOVERNMENT JOB

THE PROPERTY OF THE PROPERTY O

1	MR. SCHWARTZ: IT'S A GOVERNMENT
2	THE REPORTER: ONE AT A TIME.
3	THE WITNESS: IT'S AN MSR CONTRACT. NEITHER OF
4	THE OTHER TWO COMPANIES HAVE MSR'S.
5	BY MR. MINER:
6	Q. WHEN YOU SAID BEFORE THAT THE NAVY REQUIRES
7	THAT, DO THEY REQUIRE IT NO MATTER WHAT THE SIZE OF THE JOB
8	IS, THE NAVY JOB, OR IS THERE A CERTAIN DOLLAR VOLUME THAT
9	IT HAS TO REACH BEFORE MSR REQUIREMENTS KICK IN?
10	A. WHATEVER THE SIZE.
11	Q. ARE THERE ANY OTHER SHIPS THAT YOU CAN THINK
12	OF, OTHER THAN THE TUSTANENA AND THE STANLEY, THAT THE
13	SOUTHWEST ACQUISITION OF NORTHWEST TRIGGERED THOSE SHIPS
14	COMING TO PORTLAND?
15	A. WELL, THAT ONE CRUISE SHIP THAT WAS SORT OF IN
16	THE MIDDLE THAT I DON'T REMEMBER NOW, THE NEW AMSTERDAM
17	OR THE SAGERFORD (PH).
18	Q. WHEN YOU SAY "SORT OF IN THE MIDDLE", WHAT DO
19	YOU MEAN?
20	A. WELL, THEY WERE I THINK I PREVIOUSLY
21	TESTIFIED THAT WAS PART OF THE REASON OF US BEING INTERESTED
22	IN THE CONTINUING OPERATIONS, THAT THERE WAS A CRUISE SHIP
23	THAT NORTHWEST MARINE HAD UNDER CONTRACT.
24	Q. YOU MENTIONED THE STANLEY, THE TUSTANENA AND
25	THE MIDBODY WORK DONE ON THE KEYSTONE CANNON.

1	A. NOT ON THAT QUESTION I DIDN'T. YOU ASKED ME
2	MUCH EARLIER
3	Q. SORRY.
4	A ABOUT THE CONTINUITY ON THE STOCK PURCHASE
5	AND I EXPLAINED AT THE TIME THAT THERE WAS RELATIONSHIPS AND
6	A COUPLE OF CONTRACTS, ONE BEING A MILITARY CONTRACT AND ONE
7	BEING A CRUISE SHIP CONTRACT. AND THAT CRUISE SHIP, WE
8	ULTIMATELY FULFILLED THEIR NORTHWEST MARINE'S CONTRACTUAL
9	COMMITMENTS AND COMPLETED THE JOB.
10	Q. AND THAT WAS EITHER, TO YOUR RECOLLECTION, THE
11	NEW AMSTERDAM OR THE
12	A. IT WAS EITHER NEW AMSTERDAM OR ROTTERDAM. I
13	DON'T REMEMBER WHICH ONE.
14	Q. HAS SOUTHWEST MARINE EVER HAD THE OPPORTUNITY
15	TO BECOME THE SOLE CONTRACTOR AT PORTLAND SHIP REPAIR YARD?
16	A. HAVE WE HAVE HAD THE OPPORTUNITY?
17	Q. RIGHT.
8	A. NO.
.9	Q. HAVE YOU EVER HAD THE OPPORTUNITY TO BECOME ONE
0	OF TWO, IN OTHER WORDS NARROW THE NUMBER TO TWO?
21	A. NO.
2	Q. ARE YOU AWARE OF WHETHER OR NOT, PRIOR TO THE
:3	STOCK BUY-OUT, NORTHWEST MARINE HAD TO FIGURE AS PART OF ITS
4	EFFECTIVE BID RATE REPAYMENT OF DEBTS THAT IT OWED TO THE
5	PORT OF PORTLAND: IN OTHER WORDS, WHETHER IT HAD TO

1	CALCULATE, IN FIGURING HOW IT BID A JOB, THAT PORTION OF ITS
2	DEBT THAT IT OWED TO THE PORT OF PORTLAND?
3	A. NO, I AM NOT AWARE OF IT.
4	MR. RANDLES: GREG, I HAVE ABOUT FIVE MINUTES
5	OF QUESTIONS. DO YOU WANT ME TO DO THAT
6	MR. MINER: I'M ALMOST DONE.
7	MR. RANDLES: OKAY.
8	MR. MINER: WHY DON'T YOU GO AHEAD.
9	MR. RANDLES: OKAY.
10	
11	EXAMINATION
12	BY MR. RANDLES:
13	Q. MR. ENGLE, MY NAME IS GUY RANDLES. FOR THE
14	RECORD, I DO REPRESENT THE PORT OF PORTLAND IN THIS CASE.
15	PRIOR TO SOUTHWEST COMING INTO THE PORTLAND
16	SHIP REPAIR YARD, HAD IT COME HAD IT TAKEN OVER ANY OTHER
17	TROUBLED FINANCIALLY TROUBLED YARDS?
18	A. YEAH.
19	Q. WHAT IN WHAT SITUATIONS HAD SOUTHWEST COME
20	IN?
21	A. THREE OF 'EM.
22	Q. WHAT YARDS?
23	A. WE BOUGHT THIS YARD HERE. THIS USED TO BE
24	SAN DIEGO MARINE CONSTRUCTION AND IT WAS OWNED BY CAMPBELL
25	INDUSTRIES, AND THEY HAD PROBLEMS FINANCIALLY AND I BOUGHT

1	THE SAN DIEGO MARINE CONSTRUCTION DIVISION FROM CAMPBELL,
2	WHICH WE'RE PRESENTLY SITTING ON.
3	IN SAN FRANCISCO NO, THE NEXT YARD WAS IN
4	WAS IN LOS ANGELES. BETHLEHEM CLOSED THE YARD DOWN 'CAUSE
5	OF LABOR DISPUTES AND THE YARD WAS IN A STATE OF WAS SHUT
6	DOWN. AND THEY SOLD IT TO US, SO WE TOOK IT OVER AND
7	REBUILT IT.
8	AND THE NEXT YARD WAS IN SAMOA. THAT WAS
9	OPERATED BY THE AMERICAN SAMOA GOVERNMENT. THEY WERE LOSING
10	MONEY EVERY YEAR AND THEY WENT OUT ON A PRIVATIZATION
11	CONTRACT AND GAVE IT TO US.
12	AND THE NEXT YARD AFTER THAT WAS TODD
13	SEATTLE NO, TODD SAN FRANCISCO AND WE BOUGHT THAT
14	FACILITY FROM TODD OUT OF THE BANKRUPTCY COURT.
15	MR. SCHWARTZ: DOES THE NAME CALIFORNIA SHIP
16	BUILDING AND DRY DOCK ALSO
17	THE WITNESS: OH, THAT'S RIGHT. CALIFORNIA
18	SHIP BUILDING AND DRY DOCK WAS BANKRUPT OR CLOSE TO
19	BANKRUPTCY AND I BOUGHT THAT YARD.
20	BY MR. RANDLES:
21	Q. AND SOME OF THESE WERE ASSET DEALS?
22	A. YEAH.
23	Q. I READ
24	A. MOST OF THEM WERE ASSET DEALS.
25	Q. SO YOU KNOW WHAT YOU'RE SPEAKING OF WHEN YOU

1	SAID YOU WOULD HAVE COME IN TO TAKE OVER NORTHWEST ASSETS IF
2	THE STOCK PURCHASE AGREEMENT HADN'T WORKED OUT IN THAT FORM?
3	A. NO QUESTION.
4	MR. MINER: ALL THOSE HAPPENED BEFORE APRIL OF
5	'89, THAT'S WHAT I UNDERSTOOD YOU TO SAY.
6	THE WITNESS: OKAY.
7	BY MR. RANDLES:
8	Q. I READ THAT ONE OF YOUR MOTIVES FOR COMING INTO
9	THE PORTLAND SHIP REPAIR YARD WAS TO BRING NAVY WORK FROM
10	SEATTLE TO PORTLAND. WAS THAT PART OF YOUR MOTIVATION?
11	A. YES, IT WAS, BECAUSE THERE WAS ONLY, AT THE
12	TIME, WITH LOCKHEED CLOSING IN SEATTLE, THERE WAS ONLY TODD
13	LEFT UP THERE TO DO NAVY WORK, AND NORTHWEST MARINE HAD A
14	MASTER REPAIR CONTRACT AND I FELT THAT NORTHWEST MARINE
15	COULD BE SUCCESSFUL IN COMPETING IN THE PACIFIC NORTHWEST
16	FOR HOME PORT RESTRICTED SHIPS.
17	Q. OKAY. IS PORTLAND PART OF THE HOME PORT FOR
18	SEATTLE?
19	A. YES.
20	Q. AND IF YOU HAD SUCCEEDED IN BRINGING THIS NAVY
21	WORK DOWN FROM SEATTLE, THAT WOULD HAVE HAD THE EFFECT OF
22	ACTUALLY INCREASING THE TOTAL VOLUME OF PORTLAND'S SHIP
23	REPAIR YARD?
24	A. YES.
25	Q. DO YOU BELIEVE THE RATES CHARGED FOR SHIP

DO YOU BELIEVE THE RATES CHARGED FOR SHIP

Q.

1	REPAIR WORK AT PORTLAND ARE AFFECTED BY COMPETITION IN OTHER
2	DOMESTIC YARDS AND ALSO FOREIGN COMPETITION?
3	A. I DON'T UNDERSTAND YOUR QUESTION.
4	Q. DO YOU THINK THE BID RATES THAT MIGHT BE
5	CHARGED AT PORTLAND ARE AFFECTED BY COMPETITION, FOREIGN AND
6	DOMESTICALLY, AT OTHER YARDS?
7	A. NO QUESTION.
8	Q. MR. MINOR ASKED YOU IF THE STOCK PURCHASE
9	ARRANGEMENT WAS CONTINGENT UPON THE PORT APPROVAL OF THE
10	DEBT FORGIVENESS AND YOU SAID THAT IT WAS.
11	WAS THE STOCK PURCHASE AGREEMENT ALSO
12	CONTINGENT UPON FORGIVENESS BY SAFE AND THE BANKS?
L3	A. YES, BECAUSE AT THE TIME IT WAS A WHOLE
1.4	PACKAGE. IT WAS ALL OR NOTHING.
15	AND I THINK, WHEN I GOT TO THE FINAL
1.6	NEGOTIATIONS WITH THE PORT, SAFE HAD ALREADY AGREED OR WAS
17	CLOSE TO AGREEING AT THE SAME TIME AND WE HAD THE OTHER
18	UNSECURED CREDITORS GOING IN THE DIRECTION THAT WE THOUGHT
L9	WE WERE GOING TO BE SUCCESSFUL AT, AND I'D ALREADY HAD MY
20	MEETINGS WITH FIRST INTERSTATE BANK AND THAT OTHER SAVINGS
21	AND LOAN. I FORGET THE NAME OF IT.
22	MR. SCHWARTZ: WILLAMETTE?
23	THE WITNESS: WITH WILLAMETTE, RIGHT.
24	BY MR. RANDLES:

IF THE PORT ALONE HAD AGREED TO FORGIVE THE

25

Q.

THE THE PERSON OF THE PERSON O

THE PROPERTY OF THE PROPERTY O

	DEDI BOT NETTHER THE BOT THE BANKS OR SAFE OR SOME CIMER
2	PART OF THE PUZZLE HAD NOT AGREED, WOULD THE STOCK PURCHASE
3	AGREEMENT HAVE GONE AHEAD?
4	A. NO. IN FACT, I TOLD THE GOVERNOR THAT, WHEN I
5	WENT TO SEE HIM, 'CAUSE I WANTED HIM TO SUPPORT ME WITH THE
6	PORT AND SAFE, AND I SAID IT'S AN ALL-OR-NOTHING DEAL.
7	Q. OKAY. WHEN YOU HAD YOUR DISCUSSIONS WITH THE
8	BANKS, FIRST INTERSTATE AND WITH WILLAMETTE SAVINGS AND
9	LOAN, WERE THEY INTERESTED IN TRYING TO SELL THE ASSETS,
10	THEY HAD SECURITY INTEREST ON, ON A GOING CONCERN VALUE
11	BASIS?
12	MR. MINER: YOU MEAN SELL THEM TO SOUTHWEST
13	MARINE?
14	MR. RANDLES: YES.
15	BY MR. RANDLES:
16	Q. I MEAN, WERE THEY INTERESTED IN TRYING TO
17	FACILITATE YOU GETTING IN THERE ON A GOING CONCERN BASIS TO
18	INCREASE THE VALUE OF WHAT THEY WOULD HAVE GOT AS OPPOSED TO
19	LIQUIDATION?
20	A. I DON'T RECALL THAT. I DON'T KNOW.
21	Q. OKAY. WHEN YOU FIRST HAD DISCUSSIONS WITH
22	MR. ZAVIN, DID YOU FIND THE NORTHWEST PERSONNEL, KEY
23	MANAGEMENT PERSONNEL, WILLING TO STAY ON IF SOUTHWEST CAME
24	INTO THE PICTURE?
25	A. ABSOLUTELY.

1	Q. DO YOU HAVE CONFIDENCE THAT, EVEN IF THE STOCK
2	PURCHASE AGREEMENT HADN'T BEEN FORMALIZED, THAT YOU HAD MADE
3	ENOUGH CONTACTS WITH THE KEY MANAGEMENT PERSONNEL AT
4	NORTHWEST THAT THEY MIGHT HAVE THROWN THEIR LOT WITH
5	SOUTHWEST IF SOUTHWEST PURCHASED THE ASSETS OUT OF
6	LIQUIDATION?
7	A. WELL, I THINK IT WOULD THERE WOULD HAVE BEEN
8	A NUMBER OF THEM THAT CERTAINLY WOULD HAVE STAYED OR COME
9	OVER TO SOUTHWEST. I DID NOT KNOW THEIR OWN INDIVIDUAL
10	FINANCIAL COMMITMENTS AND NOR COULD I GIVE THEM A TIME WHEN
11	I WOULD EXPECT THE BANKRUPTCY COURT TO APPROVE THE SALE, SO
12	I'M SURE WE WOULD HAVE LOST SOME OF THE QUALITY PLAYERS IN
13	THE TRANSITION BECAUSE I COULDN'T GUARANTEE THEM A JOB UNTIL
14	SUCH A TIME AS WE WERE AWARDED THE ASSETS OF THE COMPANY.
15	Q. IS THAT SOMETHING, THOUGH, YOU WOULD HAVE
16	ENDEAVORED TO DO WITH MR. ZAVIN HIMSELF OR OTHERS, TO TRY TO
17	IDENTIFY THE KEY PERSONNEL AND TRY TO MAKE SURE THEY WERE
18	PART OF THE SOUTHWEST ACQUISITION?
19	A. NO QUESTION WE WOULD HAVE TRIED THAT.
20	Q. DID YOU EVER ASSUME, FOR PURPOSES OF YOUR
21	ANALYSIS OF THE NORTHWEST OPPORTUNITY, THAT SOUTHWEST WOULD
22	BE THE SOLE COMPETITOR AT THE PORTLAND SHIP REPAIR YARD?
23	A. DID I EVER ASSUME IT?
24	Q. RIGHT.
25	A. NO.

1	Q. II IS MI ONDERSTANDING AND I M I DON I I
2	CAN'T REPRESENT TO YOU ONE WAY OR ANOTHER, BUT MY
3	UNDERSTANDING THAT W.S.I. DOES HAVE A MASTER SHIP REPAIR
4	CERTIFICATION FOR THE NAVY. BUT IS THAT ENOUGH ALONE TO BE
5	ABLE TO GET, SAY, FOR INSTANCE, NAVY COMBATANT WORK OR DOES
6	THE NAVY, BEFORE AWARDING THE CONTRACT, ALSO LOOK AT QUALITY
7	ASSURANCE CAPABILITIES, FINANCIAL CAPABILITIES AND THAT SORT
8	OF THING?
9	A. YES, THEY DO. ON A PREAWARD SURVEY THEY
10	ASCERTAIN WHAT CAPABILITIES YOU HAVE.
11	Q. DID SOUTHWEST MARINE ON ITS OWN OPPOSED TO THE
12	NEW THREAT UPGRADE PROGRAM?
13	A. YES.
14	Q. WAS THAT OUT OF THE SAN DIEGO YARD?
15	A. YES.
16	Q. DID SOUTHWEST ACTUALLY PUT SOME MONEY IN OR
17	PROVIDE FINANCING TO NORTHWEST BEFORE THE DEBT SETTLEMENT
18	AGREEMENT WAS APPROVED?
19	A. YES.
20	Q. WAS THAT A SIGN THAT SOUTHWEST WAS GOING TO
21	INTENDED TO BE IN THE PORTLAND SHIP REPAIR YARD?
22	A. IN MY ESTIMATION IT WAS, YEAH. WE WERE AT
23	RISK.
24	MR. RANDLES: OKAY. I DON'T HAVE ANY FURTHER
25	QUESTIONS. THANK YOU.

**報告は自動車の最近に在び前衛衛行びですが必要が終め、対対がある。 ままかい さいがっき いっきいいど こまれいほう になるを見れるものできながなながらいとして、こ** 

1	EXAMINATION
2	BY MR. MINER:
3	Q. WHAT WAS THE REASON FOR DOING THAT, IF IT WAS
4	SO IMPORTANT TO HAVE THE DEBT FORGIVEN BY THE PORT, FIRST
5	INTERSTATE AND SAFE?
6	WHY DID YOUR COMPANY AGREE TO MAKE SOME
7	INVESTMENT WITHOUT THE ASSURANCES THAT THAT DEBT WOULD BE
8	FORGIVEN?
9	A. IT WAS A GAMBLE ON MY PART. I WAS VERY
10	CONCERNED ABOUT ACQUIRING THE STOCK SO I COULD HAVE THE
11	CONTINUING OPERATIONS, THAT'S WHY I PAID A PREMIUM OVER
12	LETTING IT GO DOWN THE TUBES AND BUYING IT IN BANKRUPTCY.
13	Q. CAN YOU RECALL HOW MUCH YOU DID INVEST BEFORE
14	THE DEBT SETTLEMENT?
15	A. I MAY HAVE HAD A MILLION DOLLARS IN IT.
16	Q. WAS THAT TO KEEP OPERATIONS GOING? IS THAT
17	WHAT THE PURPOSE
18	A. YES.
19	Q. YOU DIDN'T DO THAT BECAUSE THERE WAS SOME OTHER
20	COMPANY THAT WAS COMPETING FOR THAT STOCK OF NORTHWEST
21	MARINE AGAINST SOUTHWEST?
22	A. NO.
23	Q. YOU INDICATED THAT RATES COULD BE EFFECTIVE
24	AFFECTED IN THE PORTLAND SHIP REPAIR YARD BY FOREIGN AND
25	DOMESTIC COMPETITION.

1	A. CORRECT.
2	Q. HOW IS THAT? HOW DOES THAT OCCUR?
3	A. WELL, IF A SHIP IF YOU KNOW YOU'RE BIDDING
4	AGAINST FOREIGN SHIPYARDS, YOUR RATES MAY, BECAUSE YOU'RE
5	TAKING THE INDIVIDUAL JOB, THE MARKET, MAY GO UP OR DOWN
6	ACCORDINGLY.
7	Q. DOES
8	A. SORT OF LAY THE PLAYING FIELD OUT FOR YOU.
9	Q. DOES THE EXTENT OF FOREIGN COMPETITION, DOES
10	THE EXTENT OF FOREIGN COMPETITION ON ANY SHIP, HAVE ANYTHING
11	TO DO WITH WHETHER YOU HAVE TWO CONTRACTORS OR THREE
12	CONTRACTORS IN PORTLAND?
13	IN OTHER WORDS, THERE'S MORE LIKELY TO BE
14	GREATER FOREIGN COMPETITION OR ANY AT ALL IF YOU HAVE FEWER
15	CONTRACTORS IN PORTLAND?
16	A. NO.
17	Q. HOW DOES THE FOREIGN COMPETITION AND THE
18	DOMESTIC COMPETITION DETERMINE WHEN THEY'RE GOING TO BID ON
19	SHIPS IN PORTLAND?
20	DOES IT GO BY CATEGORY OF SHIP?
21	A. GOES BY THE SHIPOWNER. HE HAS THE OPPORTUNITY
22	TO DO WHAT HE WANTS TO DO. WE COMPLAIN ALL THE TIME 'CAUSE
23	WE BID AGAINST FOREIGN.
24	Q. WHAT DOES
25	A T JUST RECENTLY SENT A LETTER TO SHIP BUILDERS

1	OF AMERICA WHERE THE PORT OF PORTLAND LOST \$35 MILLION IN
2	THE LAST THREE MONTHS.
3	Q. IS THAT ANY PARTICULAR TYPE OF SHIPS?
4	A. TANKERS ALL TO DRY DOCK 4.
5	Q. WHY DO THEY GO TO FOREIGN COMPETITION RATHER
6	THAN THE WEST COAST YARDS?
7	A. WHY?
8	Q. YEAH.
9	A. 'CAUSE THEY'RE CHEAP BASTARDS.
10	Q. THE LABOR RATES PRINCIPALLY ARE CHEAPER
11	OVERSEAS?
12	A. AND THE SHIPYARDS ARE SUBSIDIZED.
13	Q. HOW MUCH CHEAPER ARE THEY, SAY, COMPARED TO
14	PORTLAND?
15	A. YOU KNOW, THE ANSWER I DON'T KNOW THE ANSWER
16	TO THAT QUESTION. IT JUST DEPENDS ON WHAT THE SUBSIDY
17	ARRANGEMENTS ARE WORKING WITHIN THAT COUNTRY AT THE TIME.
18	MR. MINER: I APPRECIATE YOUR MAKING YOURSELF
19	AVAILABLE. I KNOW YOU'RE DARN BUSY. I APPRECIATE YOUR TIME
20	THIS MORNING. I HAVE NO OTHER QUESTIONS. THANK YOU.
21	MR. RANDLES: NO OTHER QUESTIONS.
22	
23	<b></b> -
24	
25	

1	I DECLARE UNDER PENALTY OF PERJURY THAT THE
2	FOREGOING IS TRUE AND CORRECT.
3	EXECUTED ON July 26, 1991, AT
4	San Diego, California.
5	
6	
7	
8	ART ENGLE
9	(THE DEPOSITION CONCLUDED AT 11:45 A.M.)
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

1	STATE OF CALIFORNIA)
2	: :
3	COUNTY OF SAN DIEGO)
4	
5	I, MARY C. HOFFMAN, CERTIFIED SHORTHAND REPORTER, DO
6	HEREBY CERTIFY:
7	THAT THE WITNESS IN THE FOREGOING DEPOSITION WAS BY
8	ME DULY SWORN; THAT THE DEPOSITION WAS THEN TAKEN BEFORE ME
9	AT THE TIME AND PLACE HEREIN SET FORTH; THAT THE TESTIMONY
10	AND PROCEEDINGS WERE REPORTED STENOGRAPHICALLY BY ME AND
11	LATER TRANSCRIBED INTO TYPEWRITING UNDER MY DIRECTION; THAT
12	THE FOREGOING IS A TRUE RECORD OF THE TESTIMONY AND
13	PROCEEDINGS TAKEN AT THAT TIME.
14	
15	IN WITNESS WHEREOF, I HAVE SUBSCRIBED MY NAME
16	THIS 18th DAY OF July , 1991.
17	$\mathcal{O} = \mathcal{O}$
18	
19	
20	mary C. Hoffman
21	CSR NO. 5011
22	
23	
24	
25	

```
1
                IN THE CIRCUIT COURT OF THE STATE OF OREGON
 2
                        FOR THE COUNTY OF MULTNOMAH
 3
    WEST STATE, INC.,
    an Oregon corporation
                                         No. A9001-00320
 5
              Plaintiff,
                                         NOTICE OF DEPOSITION
 6
                                         DUCES TECUM
       v.
 7
    PORT OF PORTLAND,
    a municipal corporation
    of the State of Oregon, and
 9
    NORTHWEST MARINE, INC., an
    Oregon corporation,
10
                    Defendants.
11
12
    TO:
           Mr. Art Engle
           Southwest Marine
13
           Foot of Sampson St.
           San Diego, California 92113-0306
14
15
           Please take notice that on Wednesday, July 17, 1991, at
16
    9:00 a.m., plaintiff West State, Inc. will take the deposition of
17
    Art Engle, Southwest Marine employee. This deposition will take
18
    place at the offices of Southwest Marine, Foot of Sampson St, San
19
    Diego, California 92113-0306 and will be conducted before a
20
    certified court reporter for the state of California.
21
    deposition is being taken in perpetuation of testimony and may be
22
    used at trial because the witness is beyond the jurisdicational
23
    limits of the court.
24
           You are hereby requested to bring with you at the time and
25
    place of the deposition all documents, writings, and recorded
26
    material in the possession of Southwest Marine, Inc., (whether
Page
                                                            BOGLE& GATES
     1 - NOTICE OF DEPOSITION
```

EXHIBIT 1

1	authored by southwest marine, inc. or someone eise, referring or
2	relating to the following:
3	1. Any analysis of competition among the existing ship
4	repair contractors at the Portland Ship Repair Yard from
5	December, 1988 to the present.
6	2. Any analysis of the effoect on competition at the
7	Portland Ship Repair Yard from December 1988 to the present if
8	Northwest Marine, Inc. or any of the other two contractors had
9	gone out of business in 1989 or since that time.
10	3. Any alternative to the stock purchase of Northwest
11	Marine planned or considered by Southwest Marine in order to
12	become a contractor at the Portland Ship Repair Yard.
13	4. The extent to which Southwest Marine could have
14	obtained both government and commercial work at the Portland Ship
15	Repair Yard if Northwest Marine, Inc. had gone out of business in
16	1989.
17	5. Any analysis of the effect on bid rates for labor
18	(without overhead) as a result of the buy-out of Northwest
19	Marine, Inc.'s stock, or alternatively, if Northwest Marine, Inc.
20	had gone out of business.
21	DATED this 11th day of July, 1991.
22	BOGLE & GATES
23	Variable Carrain
24	David L. Canary
25	TRIAL ATTORNEY: David L. Canary, OSB No. 76086
26	

age 2 - NOTICE OF DEPOSITION

BOGLE&GATES

### 1 I hereby certify that I served the foregoing PLAINTIFF'S NOTICE OF DEPOSITION TO ART ENGLE on the following attorneys of record: Guy Randles 5 Joan P. Snyder - N∞ STOEL, RIVES, BOLEY, JONES & GREY 900 SW Fifth Avenue Portland, Oregon 97204-1268 Jeanne M. Chamberlain TONKON, TORP, GALEN, MARMADUKE & BOOTH 1600 Pioneer Tower 9 888 S.W. Fifth Avenue Portland, Oregon 97204-2099 10 by mailing to the attorneys listed above, copies thereof 11 contained in a sealed envelope with postage prepaid, addressed to 12 said attorneys at his/her last known address and deposited with 13 the United States Postal Service at Portland, Oregon on July 11, 14 1991. 15 16 **BOGLE & GATES** 17 18 19 Attorneys for Plaintiff 20 21 [4\c1\wsi\favor\pld\cer-p.002] 22 23 24 25 26

Page 3 - CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

BOGLE& GATES



Box 3529 Portland. Oregon 97208 503/231-5000 TLX: 474-2039

March 28, 1989

Mr. Art Engel
President and CEO
Southwest Marine, Inc.
P.O. Box 13308
San Diego, CA 92113

PORTLAND SHIP REPAIR YARD - STOCK PURCHASE OF NORTHWEST MARINE - LETTER OF UNDERSTANDING REGARDING RECENT NEGOTIATIONS

Dear Mr. Engel:

This letter confirms our recent discussions concerning the proposed acquisition by Southwest Marine, Inc. ("Southwest"), of all of the issued and outstanding shares of capital stock of Northwest Marine Iron Works ("Northwest"). The principal terms and conditions of the Letter of Agreement ("Agreement") dated February 23, 1989, between Northwest and Southwest require the creditors of Northwest to execute and deliver certain documents to effectuate the purposes and intent of the Agreement. Subject to formal review and approval by the Commission of the Port of Portland ("Port") of the final Settlement Agreement between Northwest, Southwest, and the Port, and satisfaction of the below listed terms and conditions, Port staff will recommend to the Commission that it take necessary and appropriate action to permit the purchase of Northwest by Southwest and to execute a Settlement Agreement that will discharge and satisfy all existing indebtedness owing from Northwest to the Port.

- The Port will receive from the shareholders of Northwest an assignment of 62.5 percent of the payments to be made pursuant to Paragraph 9 of the Agreement. With respect to this assignment, Southwest shall guarantee that the Port will be paid a minimum of \$100,000 per year for the years ending May 31, 1991, 1992, 1993, 1994, and 1995.
- 2. Southwest shall obtain and deliver to the Port, as beneficiary, an irrevocable standby letter of credit in an amount not less than \$1,500,000 that will be available to be drawn on by the Port upon failure of Northwest to pay obligations to the Port, accruing from the close of business on March 28, 1989.

20000039



Port of Portland orfices located in Portland, Oregon, U.S.A., Soise, Dano, Chicago, illinois, Nashington, D.C., Hong Kong, Sebul, Sydney Taige: Tokyo

EXHIBIT / MARY C. HOFFMAN. Mr. Art Engel Page 2 March 28, 1989

- 3. Northwest will continue to operate under Northwest's current use agreement and lease agreements with the Port. The parties will enter into good faith negotiations to amend the current use agreement, as necessary.
- 4. The Port and Southwest have based their negotiations on the repayment of Northwest's creditors in accordance with the enclosed analysis sheet. The payment to creditors remains generally as shown on the attached sheet.

Yours very truly,

Robert L. Woodell Executive Director

. -

Enclosure

1	IN THE CIRCUIT COURT OF THE STATE OF OREGON	
2	FOR THE COUNTY OF MULTNOMAH	
3	WEST STATE, INC., ) an Oregon corporation )	
4	) No. A9001-00320	
5	Plaintiff, ) NOTICE OF DEPOSITION	
6	) SUBPOENA DUCES TECUM v.	
7	PORT OF PORTLAND, )	
	a municipal corporation ) of the State of Oregon, and )	
9	NORTHWEST MARINE, INC., an ) Oregon corporation, )	
10	Defendants. )	
11		
12	TO: William H. Zavin II Northwest Marine Iron Works	
13	5555 North Channel Avenue P. O. Box 3109	
14	Portland, OR 97208	
15	Please take notice that on Wednesday, July 3, 1991 at	
16	9:00 a.m. plaintiff West State, Inc. will take the deposition of	
17	William H. Zavin II at the offices of Bogle & Gates, 222 SW	
18	Columbia, Suite 1400, Portland, Oregon 97201.	
19	You are hereby commanded to bring with you at the time and	
20	place of deposition all documents, writings, and recorded	
21	material in the possession of Northwest Marine, Inc. (whether	
22	authored by Northwest Marine or someone else) referring or	
<ul><li>23</li><li>24</li></ul>	relating to the following:	
	1. The bidding strategy of Northwest Marine since	
<ul><li>25</li><li>26</li></ul>	January 1, 1989 including any plan, strategy or method to either	
20		
Pag	e 1 - notice of deposition subpoena duces tecum Bogle&Gates	

SI018360 NWMAR135803

1400 KOIN Center

222 S.W. Columbia Portland, OR 97201-6697 (503) 222-1515

- 1 increase or decrease the pricing of labor, materials or equipment
- 2 in order for Northwest Marine to obtain more ship repair
- 3 contracts at the Portland Ship Repair Yard.
- 4 2. All economic, financial or any other analysis or
- 5 discussion of competition among the existing ship repair
- 6 contractors at the Portland Ship Repair Yard from January 1989 to
- 7 the present.
- 8 3. All economic, financial, or any other analysis or
- 9 discussion concerning whether or not Northwest Marine or any
- 10 other existing ship repair contractor could or should remain as a
- 11 ship repair contractor at the Port of Portland and, if it didn't,
- 12 what economic and other effects would occur.
- 4. All economic, financial or any other analysis or
- 14 discussion concerning what would happen to the ship repair work
- 15 being performed by Northwest Marine in 1989, and to be performed
- 16 by Northwest Marine, if Northwest Marine ceased operations in
- 17 1989.
- 18 5. All economic, financial, or any other analysis or
- 19 discussion relating to whether or not specific ship repair work
- 20 would not be performed at the Portland Ship Repair Yard if
- 21 Northwest Marine ceased operations in 1989.
- 22 6. All economic, financial, or any other analysis or
- 23 discussion relating to whether or not additional ship repair
- 24 contractors (beyond Cascade General and West State) would
- 25 commence operations at the Portland Ship Repair Yard if Northwest
- 26 Marine ceased operations in 1989.

Page 2 - NOTICE OF DEPOSITION SUBPOENA DUCES TECUM

BOGLE& GATES

7. All economic, financial, or any other analysis or

2 discussion concerning the economic impacts and any other effects

3 on the Port of Portland, on the public, on Northwest Marine, on

4 the existing ship repair contractors, on Northwest Marine

5 creditors, or on anyone else if Northwest Marine ceased

6 operations at the Portland Ship Repair Yard in 1989.

7 8. All economic, financial, or any other analysis or

8 discussion of the impacts of having two ship repair contractors,

9 rather than three, operating at the Portland Ship Repair Yard.

9. All economic, financial, or any other analysis or

11 discussion as to any alternatives other than the sale of stock to

12 Southwest Marine, Inc. that were considered and evaluated by

13 Northwest Marine.

14 10. The labor wage rates used by Northwest Marine after

15 January 1989 to the present for each ship repair job it bid and

16 why these rates changed.

17 11. All economic, financial, or any other analysis or

18 discussion regarding labor availability, the competition among

9 existing ship repair contractors, bid rates, time in which to

20 complete ship repair contracts, employment levels, use and tariff

21 revenue levels, revenues to the Port, and the profitability or

22 not of existing ship repair contractors after January 1, 1989

23 depending on if Northwest Marine remained in business or ceased

24 operations in 1989.

25 12. The projected and the actual profitability of all

26 ship repair jobs of Northwest Marine in 1989, 1990 and 1991.

Page 3 - NOTICE OF DEPOSITION SUBPOENA DUCES TECUM

BOGLE&GATES

1	13. All ship repair jobs of Morchwest Marine from April
2	1989 to the present including the following information as to
3	each ship: the total bid, the total number of man-hours of labor
4	bid, the labor wage rates used in the bid, any mark-ups of these
5	rates, the actual number of man-hours of labor, the actual total
6	labor revenues, and the total revenues. This request includes a
7	complete list of all ship repair projects of Northwest Marine
8	from April 1989 to the present.
9	14. All ship repair jobs bid by Northwest Marine from
10	April 1989 to the present, whether Northwest Marine obtained the
11	project or not, including the total bid, the total number of man-
12	hours of labor in the bid, the labor wage rates in the bid, and
13	any mark-ups of these rates.
14	DATED this $24$ day of June, 1991.
15	BOGLE & GATES
16	Tregues Muse;
17	Gregory J. Miner OSB No. 86247
18	TRIAL ATTORNEY: David L. Canary, OSB No. 76086
19	Javia av Janaij, Job Nov 1986
20	
21	
22	
23	
24	[49\WSI\Zavin]
25	
26	

4 - NOTICE OF DEPOSITION SUBPOENA DUCES TECUM

Page

BOGLE&GATES

1	CERTIFICATE OF SERVICE
2	I hereby certify that I served the foregoing Notice of
3	Deposition and Subpoena Duces Tecum of William H. Zavin II on the
4	following attorneys of record for defendants:
5	Guy A. Randles
6	Joan P. Snyder STOEL, RIVES, BOLEY, JONES & GREY
7	900 SW Fifth Avenue Portland, Oregon 97204-1268
8	Don Marmaduke TONKON, TORP, GALEN,
9	MARMADUKE & BOOTH  1600 Pioneer Tower
10	888 S.W. Fifth Avenue Portland, Oregon 97204-2099
11	by personally delivering a true copy thereof to said attorneys on
12	$\frac{\gamma'}{2}$ day June, 1991.
13	<u></u>
14	BOGLE & GATES
15	Joegus J. Mire
16	Gregory J. Miner
17	Of Attorneys for Plaintiff
18	
19	
20	
21	
22	
23 24	
25	
26	
Page	· · · · · · · · · · · · · · · · · · ·
rage	BOGLE&GATI

5 - NOTICE OF DEPOSITION SUBPOENA DUCES TECUM

DEC 12 2 45 PH '89 N 6 6 7 7 3

LOV OF STATE ORE

# SCHEDULE A TO FINANCING STATEMENT

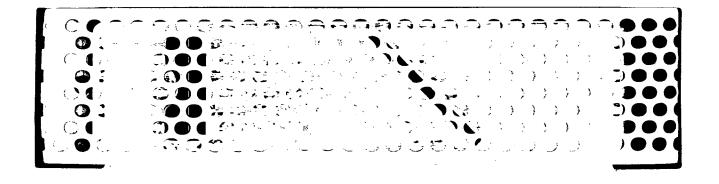
All of Borrower's rights arising under and pursuant to that certain Department of the Navy (the "Navy") Job Order No. N6283-90-C-0007 for Drydock/Topside/Spensor Modifications on the USNS Neptune (T-ARC-2), Specification No. MSCP 90-04, as evidenced by (1) that certain Notice of Award given by the Navy to Borrower November 21, 1989, (2) that certain Award/Contract issued by the Navy and dated effective November 21, 1989, (3) that certain Solicitation, Offer and Award issued by the Navy August 2, 1989, and (4) any other document or agreement concerning Job Order No. N6283-90-C-0007, together with all amounts due or to come due thereunder and all accounts receivable arising pursuant thereto.

DEC 14 2 30 PH 89

N. S. 7,2 4 ATE DRE

#### SCHEDULE A TO FINANCING STATEMENT

All of Debtor's rights, title and interest in and to the sum of \$192,984.00 payable to Debtor by Young Brothers, Ltd., as evidenced by that certain invoice No. 90054, dated December 4, 1989, referring to Job No. 89-071, covering progress billing No. 3 for the vessel Barge Kamalu, together with all amounts due or to come due the eunder and all accounts receivable arising pursuant thereto.



**45** 2068715590



09/01/89 -07

P02

1 September, 1989

Port Orchard, WA

From: President, Vonnie Dale Estep Washington Nuclear Consultants

3608 Madrona Ave, S. E. Port Orchard, WA 98366

To: President, William H. Zavin II

Northwest Marine Iron Works

5555 N. Channel Avenue Portland, Oregon 97208

Dear Bill,

We were very pleased to receive your call indicating substantial progress on Project 100. The PCB issue is a relatively complex problem that will require careful planning to resolve. My understanding is that nearly all ships will have components containing PCB's. Additionally, many of the ships have had PCB spills which have resulted in contamination of lagging, etc. Although you have not asked for our assistance in preparing a response to the PCB issue, we are in excellent position to provide advice to you. As you are aware, Mike is employed by Bovay Northwest (BNW). BNW is a full service multi-disciplinary engineering firm, including environmental engineering, and their staff includes personnel who have extensive experience in removing PCB's from electrical components and the associated PCB cleanup and disposal operations. The BNW experience includes familiarity with Federal and State regulations regarding PCB's, including experience with the Federal Comphrehensive Environmental Response Compensation and Liability Act (CERCLA).

We do not know what your current plan invoves for responding to the PCB issue, but we wanted to make you aware that these services exist and can be made available on a confidential basis to provide a prompt, comprehensive analysis of the actions that are required. Please give me a call after you have had the opportunity to review this information; I would like to set up a conference call between you, Mike and myself on Wednesday, September 6th, at a time of your choosing to see if we can be of further assistance.

Sincepely,

04/18/89 19:16

### NOFORN

## SUMMARY OF OUTSTANDING SIDPSG ACTION ITEMS AS OF 04 JANUARY 1989

<u>ITEM</u>	CODE	ACTION
1-01	CHENG-LB	Coordinate and provide a consolidated NAVSEA listing of 2F, 2J and 2S cognizant material to be removed from the decommissioned vessels. CHENG-L will also coordinate with SPCC to ensure SPCC cognizant material is properly screened and report to PMS396.
1-02	CHENG-LB	Coordinate and provide demilitarization and classification guides for NAVSEA 2F, 2J and 2S cognizant material to be removed from decommissioned vessels, and to coordinate proper demilitarization and classification coding from SPCC and SPAWAR. This is an "open item" and will be discussed at the next conference. PMS396 will assist CHENG-LB to identify the APLs for specific items of interest addressed by reference (b).
1-05	SEA 07	Pursue funding for the expansion and maintenance of waterborne storage facilities.
1-09	SEA 05	SEA 05 will confirm that the land-scrap procedures provided by reference (k) satisfy the concerns/requirements of reference (b).
1-11	CNO OP-45	Research recent case histories that concern attempts by the Navy to either scuttle or dispose of target vessels at-sea.
1-12	PMS393	Initiate efforts to scuttle USS BONEFISH or another diesel submarine which is scheduled for inactivation.
1-14	PMS396	Investigate conducting a hull scrapping of an SSBN in conjunction with its joint Inactivation/RC disposal availability at PSNSY.

NOFORN

Enclosure (2)

122001 TER 250 , 4-18-89; 0:13 PM;

### NOFORN

ITEM	CODE	ACTION
2-01	SEA 07	Provide a funding requirement profile (MILCON and maintenance) to expand and maintain the inactive submarine storage capacity.
2-02	SEA 07	Clarify/provide a schedule of the annual inactive nuclear submarine storage capacity.
2-03	CNO OP-43	Monitor and support progress of MILCON and maintenance funding requirements (for inactive submarine storage).
2-04	CNO OP-02 and OP-43	Review new OP-04 charter to resolve funding sponsor responsibilities.
2-05	CNO OP-43	Provide response to NAVSEA ltr 4770 Ser 396A3/4194 of 11 Oct 88.
2-05A	PMS331	PMS331 is responsible to continue its efforts to prepare the two inactive nuclear tenders at PSNSY for disposal subject to the resolution and response of Action Items 2-04 and 2-05 above.
2~06	SEA 08	Quantify and clarify the disposal and security requirements for NNPI for at- sea scuttle option.
2-07	PMS396	Request OPNAV concurrence/funding to scrap SSBN 620 in conjunction with its ongoing availability.
2-08	PMS396	Task PSNSY to initiate planning to dispose of SSBN 620 and prepare hull scrap drawings which incorporate requirements of NAVSEA 05 memo 4710 Ser 05AB/34 of 18 Oct 88.
2-09	PMS396	Request OP-43 initiate action to authorize striking/scrapping of SSBN 620.
2-10	SEA 05	Determine feasibility of "torching" submarine hull interiors prior to disposal as an alternative security measure.

2

NOFORN

∠U00(1009U →

<sup>503</sup>∠405600 ,

04/18/89 19:17

P08

NOFORN

ITEM

CODE

2-11

PMS396

ACTION

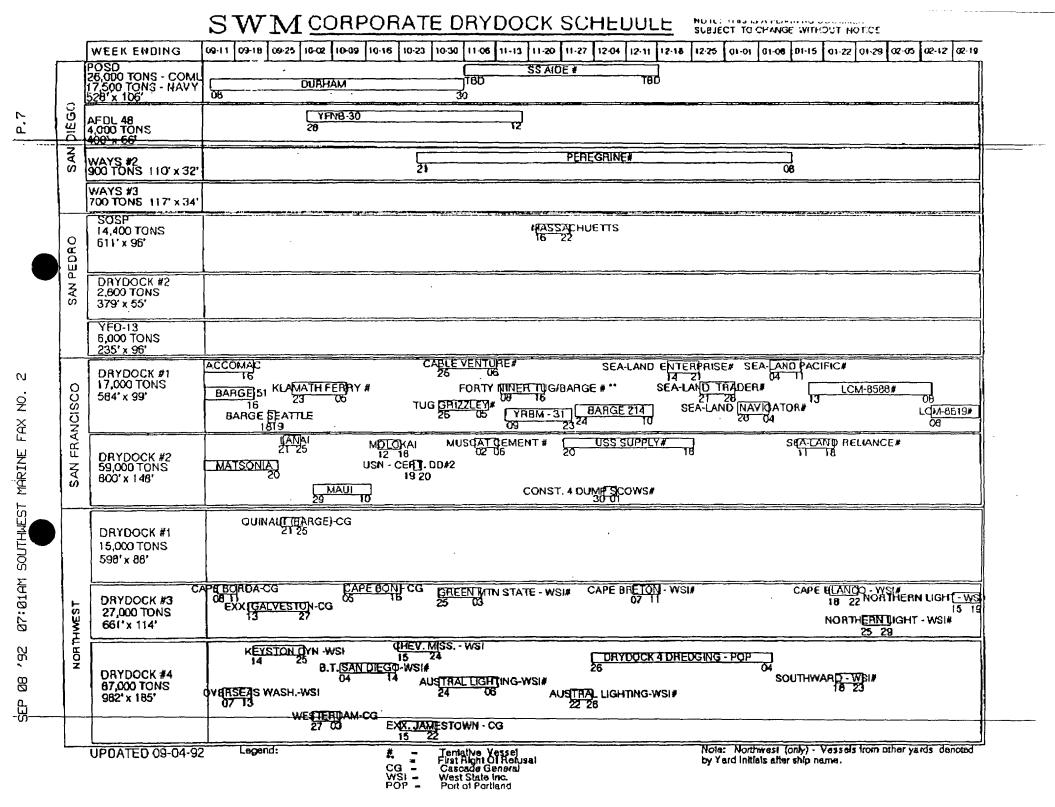
Investigate use of private shipyards/ facilities to participate in the scrapping of free-released nuclear submarines after the first scrapping is accomplished by a naval shippard.

NOFORN

#### SWM CORPORATE DRYDOCK SCHEDULE NOTE: THIS IS A PLANNING DOCUMENT AND IS SUBJECT TO CHANGE WITHOUT NOTICE 09-25 10-02 10-09 10-16 | 10-23 | 10-30 | 11-06 | 11-13 | 11-20 | 11-27 | 12-04 | 01-22 01-29 02-05 02-12 02-19 02-26 03-05 WEEK ENDING 12-11 12-18 12-25 D1 -15 01-01 61-08 POSD 26,000 TONS - COML 17,500 TONS - NAVY 528' x 106' AIDE AIDE <del>27 28</del> DURHAM Ö AFDL 48 4,000 TONS 400' x 66' YFNB-30 W ŽB ō PEREGRINE WAYS #2 900 TONS 110' x 32' 22 12 E# 2YAW 700 TONS 117'x 34' 4202 14,400 TONS MASSACHUETTS PEDRO 811'x 96' DRYDOCK #2 SAN 2.800 TONS 379' x 55' YFD-13 6,000 TONS 235' x 96' CABLE VENTURE# ACCOMAC SEA-LAND ENTERPRISE# SEA-LAND PACIFIC# DRYDOCK #1 17,000 TONS 04 14 21 FORTY WINER TUG/BARGE # \*\* SEA-LAND TRADER# KLAMATH FERRY 584' x 99' TUGICAIZZLEY OB FRANCISC SEA-LAND NAVIGATOR# YABM - 31 DERRICK BARGE SEATTLE 704 11ANA1 24 28 MDLOKAI 12 16 SEA-LAND RELIANCE MUSCATCEMENT# DAWN PRINCESS DRYDOCK #2 MATSONIA USN - CERT. DDW2 PEMEX II W N 59.000 TONS 19 20 BOO' x 148' PRESIMADISON#\*\* MADI CONST. 4 DUMP SCOWS# DRYDOCK #1 15,000 TONS 698' x 88' DRYDOCK #3 LSEWILL 27,000 TONS 661'x 114' DRYDOCK #4 87,000 TONS 982' x 185' Note: Northwest (only) - Vessels from other yeards denoted UPDATED 09-18-92 Legend: Tenialiva Vessal First Right Of Herusal Cascada General ĸ CG = by Yard initials after ship name.

WSI -

West State Inc. Port of Portland



THATI

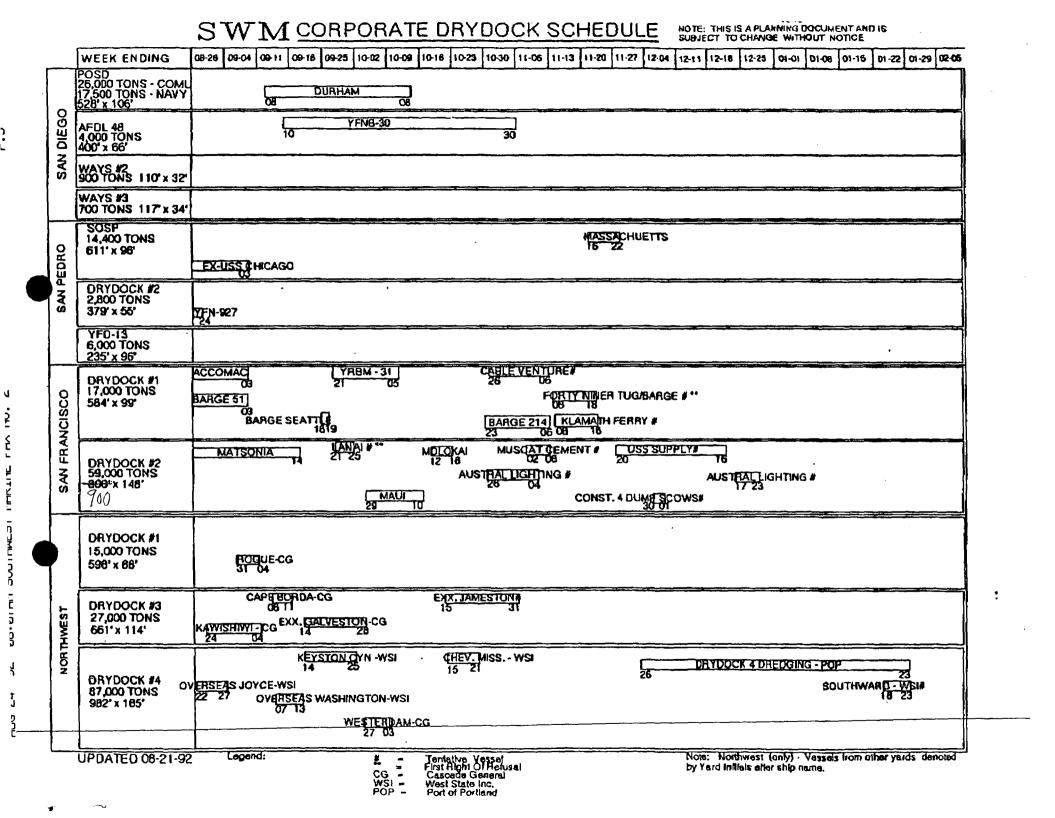
SOUTHWEST

MHFZ: NA

В

31

₫-



		S VV IVI CORPORATE DRIDUCK SCHEDULE SUBJECT TO CHANGE WITHOUT NOTICE		
	MEEK ENDING	05-14 08-21 08-28 09-04 09-11 09-18 09-25 10-02 10-09 10-16 10-23 10-30 11-05 11-13 11-20 11-27 12-04 12-11 12-18 12-25 01-01 01-05 01-15 01-2		
	POSD 26,000 TONS - COML 17,500 TONS - NAVY 528 x 106'	DURHAM 14 02 08 08		
DIEGO	AFDL 48 4,000 TONS 400' x 66'	APL-15 02 YRBM(L)-38# 30 II 02 YR-50## 30 Q2 YFNB-3# 30		
SAN	WAYS #2 900 TONS 110" x 32"			
	WAYS #3 700 TONS 117" x 34"			
ဓ္	SOSP 14,400 TONS 611'x 96'	AFDL-19 MASSACHUETTS 16 22		
PEDRO		TO THE CASE CHICAGO		
SAN	DRYDOCK #2 2,800 TONS 379' x 65'	YFN-327 21		
	YFD-13 6,000 TONS 235' x 96'			
SAN FRANCISCO	DRYDOCK #1 17,000 TONS 584' x 99'	ACCOMAC PS-66 CRANE BARGE# 28 06 06 06 06 06 06 06 06 06 06 06 06 06		
	DRYDOCK #2 59,000 TONS 800' x 148'	DERRICKIBARGE SEATTLE    CANAL		
NORTHWEST	DRYDOCK #1 15,000 TONS 598' x 88'	1716 29 10 30°01 10 10 10 10 10 10 10 10 10 10 10 10 1		
	DRYDOCK #3 27,000 TONS 661'x 114'	CAPEBOROA-CG EXX. JAMESTON III 15 31 15 31 KAWISHIWI-CG EXX. GALVESTON III 28 24 04 14 28		
	DRYDOCK #4 87,000 TONS 982' x 185'	OVERTSEAS WASHWSI CHEY. MISS WSI DRYDOCK 4 DREDGING - POP 1 26 04		
		WESTERDAM-CG ARCO ANCHORAGE -WSI 27 09		
	UPDATED 08-07-92 Legend: # - Tentalive Vessel Note: Northwest (only) - Vessels from other yards denoted by Yard initials after ship name.  CG - Cascade General WSI - West State inc.			

Port of Portland

Port of Portland

## SHIPBUILDERS COUNCIL OF AMERICA

## Ready Reserve Force Questionnaire

	Name of Yard NORTHWEST MARINE, INC., PORTLAND, C
	Name of Ship
	Type PO/RO, Breakbulk, etc.)
	Yard executing breakout NORTHWIEST MARINE, THE
	Date ship arrived in yard AUGUST 10,1990 (1700 hrs)
	Date ship departed yard AUGUST 70,1990 (0130 hrs)
	What was the most difficult/time consuming job in the work package?
	REACTIVATION ON MAIN BOILERS, INCLUDING BAILEY
	COMBUSTION CONTROL SYSTEM AND ALSO MN STM LINES.
	Delivery was: on time early late
	Reason for late delivery (if known) NOT ALL WORK REQUIRED
	FOR REACTIVATION AND RESSED IN ORIG SPECS. MASSIVE AMOUNT OF NEW AND EMERGENT WORK.  Are you aware of any problems in crewing the ship? X yes no
	If yes, please comment Shown come to No Surprise That
	SINCE CREW WAS NOT FAMILIAR JUITH SHIP OR WITH
	EACH OTHER, SHIP'S SYSTEMS WERE NOT ALWAYS LIT
	OFF IN MOST EFFICIENT & TIMELY FASSION
	Were there any material problems reported after the ship left the yard?
	yes no
	If yes, please comment PROBLEMS WITH SAT-NAV,
	BAILEY COMBUSTION CONTROLS, SHAFT RPM METER,
•	AND WITH BALLAST SUSTEM VALVE
*	ADDITIONAL COMPENTS: MANY OF SHIPS REQUIRED SAME SUBCONTIZACTORS.
	HAD TO WAIT IN LINE FOR SOME SUBS OR GET SOMEONE FROM OVERSIERS IN ORDER TO COMPLETE.

SEP 17 '90 08:47 SOUTHWEST MARINE INC 415 5588466 MARAD SHIPS ACTIVATED BY SWM NWM ASBESTOS EXPECTED OVERTIME! Ship NAME DATE PROBLEMS REVENUE STRAIGHT TIME DATE 1212 \$330,000 CAPE HORN 8/10 8/16 No SF CAPE ISABEL \$1,250,000 8/10 8/20 No \$1,587,105 4/24 No 8/10 METEOR

		ISABEL		ナンメナリ	01		
	Cilea	rino .	1-17-40				
	<u> </u>			いしつか	1 7		Terredonnes estates y agrees, so
(X)		NOTIFIED SPONSIBLE					
		of Ready C/Marad					
		ST COKST				214.2	
	XO V	VIE VOLE	ar Fac			~	
		RESPONSI	the state of the s	_		W)12	
		JEST MARI		<b>\</b>			<b>\</b>
	BREAKO	HORN' (SF				PEOLED	
20		her ships Cape Edmo					
				<del>                                      </del>			
		PORTLAND		ontroct	For BE	ERTHAGE	OF
( ) )		Portin	O AREA.				
	4	40 SHIP		, , , , , , ,			1 1 1 1
1 2 2 3 1	NO WOR	O DM WHE	THER TH	505 W	BE AHY	MORE	157
	CARE	CASBEL W	300	SHIP AC	CEPTED	mas 24	PLEJE
: :	By NS	COD UK	CONST	T COM	TH SHIP	DCC5071	ED FOL
	700 241	25 BROKEN	007				
5, 2, 5, 1	SHIPS	HIFTED JO	BERTH	301 00	EVENING	UA 70 ,	4 10 14
	ME IMM	EDINTEU BE	sou cap	× 00 11	ROUND TH	EUUK	_' BASK
	COMPEN	CT PETWE	EN MAR	A CA	APL	STATES	THAT
	5H18 1	5 TO BE	READY	for Sea	TRIALS	96 HO	URS
5	AFTER	START OF AFTER STA	JOB DE	CB K	the k	eliver L	120
	THE FA	G THAT T					i 4
	NWMS	PRUBLEM					
,	CAPE	LSAPEL 12,	SATICULAY	<u> </u>			
	68	5 LENGTH BEAM	.40	73,3	87 GRA	is Tons	,
	703	BEAM	<u> </u>	75	DG HET		1 1
					•		e. (
	م مط	US102:37,1	911	11= Tim	Lune R	F LION P	32.4

ATOR WORK ITEMS FOR REACTIVATION - REMOVE DEHUMIDIFICATION SUS. FROM MIN CHIMERY BOWERS IPIPING SUS'S, ELEX SUS, ETC. - REACTIVATE MAIN BOILERS REACTIVATE SHIPS BALLAST SMSTEM - REMOVE BLANKING PLATES FROM SHIP'S OVERSOARD \_DISCHARGES AND SEACHESTS (REQ'D DIVERS) -ACCOMPLISH START-UP OF ELEX, HAVIGATION, RADIO 5455 - Underwater Survey By Divers in Lieu of Drydocking - REACTIVATE SKIPIS EMERGENCY DIESEL GENERATOR - CHECK OUT STEW RAMP AND DECK CRAMES - LOAD SHIP W/ FUEL, STURES AND PROVISIONING. - PEACT VATE F RECHARGE REFER + AC SYSTEMS - REPAIR MISC PUMPS, MOTORS AND PIPING SYSTEMS. - CHECK OUT SHIP'S FIRE FIGHTING EXTINGUISHING SUSS. - LIGHT OFF AND TEST ALL SHIP'S SYSTEMS, - DOCK AND SEATRIALS. SHIP IS A RO/RO VESSEL FOR CHRRYING WHEELED or tricked vehicles. Vehicles can drive on via STERN RAME OR SIDE SALLY PORT DOORS CAN ALSO BE LOXDED WITH FWD DECK CRANES. SHIP IS LITERALLY A FLUATING PARKING GARAGE WITH OWNER HAS TO ROUND UP A CREW FOR THE SHIP THEY STARTED APRIVING ON DAY #2 OF PROJECT WE HAD TO CONTACT A TOTAL OF 32 SUBLOMERACIONS FOR VLRIOUS PARTS OF REDITIVATION. HARD TO GET SOME OF THEM BECAUSE OF ALL THE OTHER SHIPS BEING Broken out at same time. One has take AWAY AS DEMMARK (FOR STERN RAMP) AVERAGE MANHING FOR PRUJECT WAS 150 MPD. (240 AT PENY). FINAL PROJECTED LOST PSETWEEN #1.15 MILLION (APL) TO #1,35 MILLION (NWM). WE ARE STILL MEGOTIATING FINAL LOST. MSPECTIONS WERE ACCOMPLISHED BY USCG & ABS.

2:34.	) KE	YST CONTRACTOR OF THE CONTRACT	10 3 W (6 C) C) C) C) C) C) C) C) C) C) C) C) C)	a Constant	7 & A	CITY CAPE CE CO S 2 CO D	S P S S S S S S S S S S S S S S S S S S		T Z A	280-28 5-6 24 24 24 24 24 24 24 24 24 24 24 24 24	ZZU P. A B Z ZZZZ R	P. SEE	.0T	3	S A S A S A S A S A S A S A S A S A S A	TO TAKE		N F C	C C C C C C C C C C C C C C C C C C C	A 50		
	1											the second second					R	-			a an amphe of all a to the home degree water and a statement of the boundary of the boundary of the boundary of	



cargo tanks, overhauling and repairing the inert gas system, together with complying with the inspection requirements of the Regulatory and Classification Interests.

### COMMON SERVICES

The concurrency of Owners' and alleged Average repairs gives rise, in the opinion of the Undersigned, to certain services and their respective costs that may reasonably be considered necessary for the performance of all categories of repairs as follows.

Gas freeing and tank cleaning (effected by ship's crew working overtime)	\$ 30,884.00
Tugs to and from the repair facility	\$ 7,658.50
Pilot assistance to and from the repair facility	\$ 15,547.43
Pilot assistance in and out of the Columbia River Bar	\$ 6,739.39
Chemist's Gas Free Certification:	
First visit: \$ 1,040.00	
Forty-six (46) subsequent visits at \$330 per day \$ 15,180.00	
	\$ 16,220.00
Berthage and Services:	
Safe berth, 32 days at \$1,042 per day	\$ 33,344.00
Provision of gangways	\$ 2,560.00



Lineman services				\$ 3,584.00
Establishment of fire protection service	\$	896.00	)	
Maintenance of fire service for fifteen (15) days	\$	548.00	)	
·				\$ 1,444.00
Establishment of potable water supply	\$	448.00	)	
Supply of potable water	No	charge	2	
				\$ 448.00
Establishment of compressed air	\$	448.00	)	
Supply of air	Ио	charge	2	
				\$ 448.00
Bilge connection charge	\$ 1,	170.00	)	
Removal of bilge water	No	charge	:	
				\$ 1,170.00
Maintenance of garbage service for full period				\$ 3,840.00
Establishment of shore steam supply	\$	896.00		
Maintenance of steam supply for forty-seven				
(47) days at \$270 per day	\$ 12,	690.00		
				\$ 13,586.00
Establishment of shore power supply	\$ 1,	344.00		
Supply of electric power	\$ 38,	442.00		
				\$ 39,786.00





	Establishment of telephone connection	\$ 896.00		
	Cost of calls	\$ 550.00		
			\$	1,446.00
	Heat lamps fitting		\$	1,844.00
	Temporary protection of decks		\$	3,860.00
	Establishment of sewage connection		\$	1,120.00
	Charge for removal of sewage		\$	648.00
	Plastic materials disposal		\$	648.00
	Cranage		\$	7,965.00
	Port of Portland user fee		\$	1,787.00
Tota	al Cost of Common Services:		\$1	96,577.32

The above services were provided by Portland, Oregon, for an agreed cost of ONE HUNDRED AND NINETY-SIX THOUSAND, FIVE HUNDRED AND SEVENTY-SEVEN DOLLARS AND THIRTY-TWO CENTS (\$196,577.32), which is considered to be fair and reasonable for the services provided and does not include an overtime excess cost.

The Port of Portland user fee in the sum of \$1,787.00 is separate and non-inclusive of any of the Port of Portland user fees incurred in respect of the individual repairs.



CHRISTCHURCH WAY
GREENWICH
LONDON SE10 0AG
TELEPHONE 081 858 3291
INTERNATIONAL +44 81 858 3291
TELEX: 8950070 STCINS G

FAX: 081-2930754

# FACSIMILE COVER PAGE

DATE 10 December 1991.
PLEASE DELIVER THE FOLLOWING PAGES TO:
NAME Vicki Mallonee.
ADDRESS PORT OF PORTIONS.
FAX NUMBER 010-1-503 - 240-3080.
A TOTAL OF 2. PAGES, INCLUDING THIS COVER SHEET, ARE BEING TRANSMITTED  FROM MIKE BARCLAY.
FAX NUMBER +(44) 81 293 0754
MESSAGE HTC   MTC Interisland Cable Systems.
Mr C5 Crowcord has given me your name as
being someone able to help regarding transport
of Cashe, manufactured as our Portlend Frichty.
Per installation on the above project.
Our requienents are as follows and
l would be grateful if you could pass on
information regarding the Pollowing
O Details of Composies and or Versels with
all known details which are able to be
Converted at the port of Portland into a
Calla Amazandalia Dana O Cor Ha

IF TRANSMISSION IS INTERRUPTED OR INCOMPLETE.
PLEASE NOTIFY SENDER AS SOON AS POSSIBLE

Page 2.

Transhipment of approximately 2500 tonnes of Cable, in Cable tolks, The vessel must be capable of Transiting / Towed to Howain and then onto Gram, if necessary, where the cable will be offloaded to the unstablation faillity. Our preference is for a vessel capable of Cable transport underdecked but other Solutions will be considered.

- @ Cost of bething in the port of Portland whilst undergoing Consession.
- Portland able to undertake the barge Consersion into a Colde transport wersel.

IF Here are any questions Please Both heatake to Contact to A timely texpasse on throse matters would be greatly appreciated.

I took forward to your response

Yours Sincorely

Mitre Barlag.



# FACSIMILE COVER PAGE

CHRISTCHURCH WAY GREENWICH LONDON SE10 DAG TELEPHONE 081 858 3291 INTERNATIONAL +44 81 858 3291

TELEX: 8950070 STCINS G

FAX: 081-293 0754

DATE 12. December 1991.
PLEASE DELIVER THE FOLLOWING PAGES TO:
NAME MR BRUCE MOYER
ADDRESS North West Marine INC
FAX NUMBER 010-1 - 503 - 240 5276
FROM MIKE BARCLAY
FAX NUMBER +(44) 81 293 0754
MESSAGE BRUCE.
In response to your questions on your fax of.
11 Dec 91.
1) The weight of Cable to be transported in approx
1400 metric tomas Split who 3 Creeks or pans
or diameter of approx 30 fear (dependant on the
barge Constriction ) and appor 61/2 foot high
The Creeks pans are to be of Steel braced
East timber lined constitution and are to be constited
on the barge.
A Tunway / garby Turning over the tarks with
6ft Clearance to Load discharge Cable filted with rollers

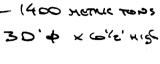
IF TRANSMISSION IS INTERRUPTED OR INCOMPLETE.
PLEASE NOTIFY SENDER AS SOON AS POSSIBLE

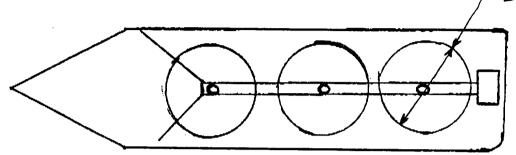




The whole 8tructure is to be dismartled on hard back. With an option to 8tone for later use.

@ Conceptual barge Lay-out.





Cable Creeks. GANTRY (Lightweight Construction) Load | Discharge Engue Platform.

Hope this is of use

your Sincerely

Mile Barelag

TO: MIKE BARCLAY

SUBJECT HTC/MTC INTERISLAND CASLE SYSTEM

MIKE - AGAIN I WOULD LIKE TO REQUEST Some ADDITIONAL INFORMATION TO BETTER ALLOW RESPONSE TO YOUR 10 DEC 31 REDUCTION INFO:

1 Specific Time Frames of the PROJECT: (Of course these would be Approx)

- BARGE MODIFICATION
   CABLE LOADING
   Departure of Tow

- TIME ON JOB SITE

AT present We have contacted several BARge companies locally suo siso some people familian with FIBLE-OPTIC CADLE WORK

thou You Bruce Moyer TO MIKE BARCLAY

SUDJUCT HTC/MTC INTERISLAND CABLE SYSTEM

MIKE - I'VE COME - UP WITH ADDITIONAL QUESTIONS SINCE MY EARLIER FAX TODAY.

- 1) Do you plan to use Tug | Barge for mansporting CABLE ONLY OR AS CABLE LAYING PLATFORM
  AS WELL?
- 2) What Type ARRANGEMENT DO YOU ENVISION FOR

  PREJECT?

  1e will you arrange Tug (BARge, then

  NAVE SHIPYORD (NORTHWEST MARLINE) DO

  HODIFICATION? OR

will you want one party to Make AL ARRANGEMENTS AS IN TURN KEY OPERATION?

- 3) Bases on above Answers What DO YOU ENVISION

  FOR TUS / BARE BARE BOAT CHARTER WITUS CREW

   MANNED CHARTER WITUS CREW

   LABOR FOR CABLE SPENATIONS?
- 4) I have heard this 500 was to BE BIO 18Dec 91, was bid been Decayed?
- 5) Who will supply load Dischange Engine Plat Form? Will you provide specification for creeks, GANTRY ETZ?
  - 6) May I contact your Pontland Company for A visit to BETTER UNDERSTAND PROJECT?
    If this is DK, who would BE CONTACT?

cont'u

FINALLY - I MAY be looking AT THIS PROJECT
TO DEEP by If ALL YOU MOULD REQUIRE ARK
SHIP YARD PLATES, BERTHAGE ETC. BUT
NORTHWEST MARINE IS INTERESTED IN THIS PROJECT
IN ANY FORM, be It AS TURN-KEY OR
ONLY AS MODIFICATION CANTRACTOR,
So please if you can give ADDITIONAL
DIRECTION IT WILL be of help.

thonkyou Brun-Moyer 7 JAN 92 BOB SHAHNAZARIAN

3-3

I've written up a couple "Outline" Type

ITCH Specs that you may (or may not) want

TO RE-WRITE AND GIVE OUT FOR prices (AT LEAST BUDGET)

AND ADDED SOME ADDITIONAL THOUGHTS OF STUFF

TO THIMK ABOUT

WITH-OUT KNOWING - OR SEEING - SHAFT, GEARDOX
WHEEL I could only write generic Spec
SAME WITH RUDORY AND SEA VALUES

Hope IT HELPS
Tour to you both

Bruni

503-240-6280 - office

- CELLULAR

# 1- Wheer are Shaft ITEM

provice LABON, MATERIAL AND EDVIPT TO ACCOMPLIAN THE following

- A. STAGE PORT IN STOU 96.108 WHEELS IN NOTZELS purpose of taking readings, shaft and wheel removal DIO ENDOGE WORK TO BE DESCRIBED CITER
- 0 ATTACH RISSONS & AU SOUIPT TO REMOVE Wheels DWHEN WILL WITHESS TIGHTHESS OF WHEELS VESSEL TO DOCK AND AFTER OWNEY INSPECTMENT Procios owers with DOCK TO OWNEY DESIGNATION WHEEL BY OWNER PERING WHEELS TO VESSEL AND RE-INSTALL completion of an repairs to vessel and which ocsignates POLORDIO SOLOHIA STOP. 0 SHEEC MARKS

WHERE SHOP TO OWNERS ACCOUNT

- 7 - Notices to be opened and gas freed for Zinc instruction THISPECT NOTELES AND ALL COMPRETIONS WITH OWNER
- 4 Inspect backing and Bearings with owner and the property
- ij DISCOMMECT SHAFTS 7 これるからない Approx SHAFT 2126 MEDSUKE AND RECORD 11"+×38' L9.
- Aftor AND STEAD TUBES REMOVE SHAFTS FROM VESSEL TO DOCK. Heasure and recomo am sizes and cuestrances
- PHOTECT JOURNAL AKEAS , KEYS AND SHAFT ENDS AND TO SHOP FOR LATHE AND AGS INSPECTIONS
- ALL SHAFT WORK TO ABS AND OWNERS REGUIRCHENTS
- AS DESIGNATIO BY OWNER AND USING OWNERS MAT'LS Renew Replace au ASIDG TOP BELLEY BEARINGS AND CINERS AU REHOUNCS.

PRIOR TO DNY HULL BLASTING COOTING DU BRG, WEDR DREAS pronecteo.

- H) AFTOL BU SHAFT BUILD UP ORG FASKICATION AND MACHINING RECORD AND REUIEW FITS WITH DWINET.
  - Following owners Acceptance RETURN SHAFTS AND BEARINGS
  - RE-INSTALL SHAFTS IN VESSEL, FITTING MEASURING AND
    RE-COKOING ALL FITS AND CONNECTIONS.
  - Make up shafts are au closures, instaurne New packing and Haromane as requires.
- I) After Instruction of wheels and owners acceptance REMOVE DMY /ALL PROCYCS, RIGGING AIDS USED IN SHAFT WHEEL REPRICES.

Touch-up ALL CORTING DAMAGED

J) SHOFT ALLEY CLEANING AND GAS FREE AS RED'D AND SPECIFICO
BY CHEMIST

- 2- RUDDEN THE PECTERS AND REPAIRS

  PROVIDE LADOR, MATERIAL AND EDUID TO ACCOMPLISH THE Following:
  - A- IN CONTINUETION WITH SHAFT AND WHEEL ITEM STAGE RUDDERS for INSPECTIONS AND REPAIRS
  - B- Deer and county (AREKETTE , STEEKING CAMPARTMENT PRIOR
    TO SHIT DOWN TO ALLOW CYCLE/INSPECTION OF RUDORYS.
    MACHINERY HYDICAULICS, HOSES, CONNECTIONS, GREESE LINES.
    - C- MEASURE AND RECORD CLEARANCES FOR DWHER.
    - D- As DIRECTED BY DWHEY RENEW REPAIR.

NOTE - WORK TO BE CO-ORDINATED WITH SHAFT ALD WHELL WORK.

- 3 SEA VALUES DURY BOARDS

  PROVIDE LADOR, MATERIAL AND EQUIPT TO ACCOMPLISH THE Following:
  - A Open clean sea valve screens.
  - B- Open for Examination By owner and Reducatory Bobies SEA values.
  - C- CLEBN DUT VALUES AND CORT INTERIORS. GRINO-IN,
    PACK glands, REJOINT WITH NEW GASKETS, RENEW ALL
    HARDWARE BOLTS AND FASTENERS
  - NOTE PRIOR TO ANY HOLL BLASTING, CDATING ALL HULL APENING; TO BE covered pratectod

# ethquant savatrical

- Keel Coolers Test Inspect ?
  - Transporcer, fathoneter- insure not on Black
- ZINC INSTALLATION IN SHIPYARD REDVIRES THAT
  INTERNAL IS OPEN AND GAS FREE
   LIEL TANKS ETC
  - · ONE OPTION IS WELD NEW ZINC TOO TO OLD ZINCTOO SOMOTIMES CHEMIST WILL OK THIS -
- ABS STATUS REPORT ON INSPECTIONS REQUIRED IN IS GODO TO GIVE SHIPYARD SO ENTIRE SUPPLY OF WORK CAN BE ANTICIPATED -
- IF you have GEAR BOX, ENGINE WORK INSURG THAT YOU BRRANGE WITH YARD TO USE YOUR OWN people on subs

CHRISTCHURCHWAY phone (USA) GREEN WICH LONDON SEIDD AG FAK (USA) SUBMARINE 011.44.81.293.0754 011-44-81-858-3231 SUSTEMS

MIKE BARCLAY X 3386

プロロ

DEAR MIKE,

HTC/ HTC SUBHARINE CABLE TRANSPORT

COST INFORMATION BIAN 92 THE CHORD STANDING IS THAT YOU WOULD t ALLOW YOUR 10 SAU 92 BIO: presuint the Sumalley

# TUG AND BARGE INFO

- Tug and Bange DATA Sheets
- Tue and 版· A BODYS SARG+ Charter Costs Wilchem - 31 - 91 DAYS
- B) 2DAYS ह معص صد معلمه طعماط صدو المدياله
- c) 13 DWS 7 proces cools and making up tow
- o) 31 DAYS E) 13 DAYS for offlood (cools mouster for Tow and Arrival at Thousen SITE
- SYAC FO (ניחוד) חינותם
- f) 24 Days れいひとし ひし
- 21 0245 ים שות חואב הבשים

# 7 Modification Costs

- BERTHAGE BERTHAGE COSTS for Mobification period Wiservices
- TRANSPORTISTICO/TRUCKING COST FLAT BED TIEUCK PER hour
- SHIPYARO LABOR / PER HOUR

# Charges

- BUTSIDE SHIPYAND (LOCAL) LABOR CHANGES CASSIST IN COSE (DOOINS)
- ourside ship yare (Guan) (above changes CASSIST IN CARCE THANSEY
- ١ Misc Supervision (Lowe) to sisist wisurusy, charter REGULATIONS ETT / PER HOUR

MIKE THE ABOVE INFORMATION IS PACKAGE WE WILL ASSEMBLE AND SUBMIT TO YOUR GREENWICH OFFICE 9 Jan 92 -

I AM WORKING WITH BRIX MARITIME - BOB HASSLER- TUG AND BARGE OWNER OPERATOR

DF course these Numbers when submitted will be Budget numbers, we will work to Acheive Cowest possible costs to your project (of course profitable to Both) As soon as actual working specification is provided

10: CRANE / TRUCKING CHARGES WOULD REDVIRE 4 hr MIN.
BUT PLANNING ACTUAL MODIFICATION COULD
MINIMIZE THESE TYPE CHARGES

I WILL BE CONTACTING YOUR MIR ALEX SCOTT FOR FAMILIAKIZATION ONLY ALE QUESTIONS
ALD COST DATA ETZ TO YOUR GREENWICH OFFICE

thour You

Bruce Hoyen

PHONE (USA) 503-240-6280 FAX 503-240-6296



### STC SUBMARINE SYSTEMS

CHRISTCHURCH WAY
GREENWICH
LONDON SE10 DAG
1ELEPHONE 081 858 3291
INTERNATIONAL +44 81 858 3291
TELEX 23687 STC GR G

7 January 1992

Mr Bruce Moyer North West Marine inc Portland Oregon

Fax Number: 010-1-503-240-6276

Dear Bruce,

## HTC/MTC Submarine Cable Transport

Many apologies for the lateness of this response I hope that this does not cause any undue inconvenience.

In answer to your specific questions :-

Specific Time Frame
These are only indications at present but our best information is as follows:

Barge Modification - 8 Sept 92 to 15 Sept 92
Cable Loading - 17 Sept 92 to 29 Sept 92
Cable Transfer - 29 Oct 92 to 10 November 92

Cable Transfer - 29 Oct 92 to Total Required Time - 91 Days

- 1. Tug/Barge is to be used for cable transport only.
- 2. STC is looking for the most cost effective method of cable transportation. This may take the form of either a turnkey operation or STC arranging the Tug/Barge.
- 3. We would be looking for a manned charter with Tug crew and an optional cost for manual labour during cable operations.
- 4. The Bid is due to our purchaser 10 January 1992.

It is our intention to fully investigate all avenues for cable transport not just those specifically associated with MTC/HTC, for which the method of Transport of cable has not been finalised as yet. Any information received at this juncture will be of great assistance in the preparation of final solutions for MTC/HTC, and will aid us during the preparation of bids for cable installations in the Pacific area, of which it is anticipated there will be numerous during 1992.



nckinkkn telecom Europe Liwited Registered in England no 1750343 Registered Office Tib Portland Place Rondon with Jaa

07 Jan 92 9:43 No.006 P.01

> CHRISTCHURCH WAY GREENWICH LONDON SE10 DAG TELEPHONE 081 858 3291 INTERNATIONAL +44 81 858 3291 TELEX 23687 STC GR G

		-
-	•	•
400		c

7-1-92

PLEASE DELIVER THE FOLLOWING PAGES TO

NAME:

Mr Bruce Moyer

ADDRESS:

North West Marie

PAX NUMBER: 010-1-503 -240-6276

PAGES, (INCLUDING COVER SHEET) ARE BEING A TOTAL OF TRANSMITTED

IF TRANSMISSION IS INTERRUPTED OR INCOMPLETE, PLEASE NOTIFY SENDER AS SOON AS POSSIBLE

NOTE NEW FAX NUMBER

PAX NUMBER

081 - 293 <del>- 0131</del>-+ 44 81 293 -0154- 0754-

MESSAGE

Response Follows

regardes



- TEL::081-293-0131 07 Ja
- The Load Discharge engine Platform is to be provided by STC who will also provide the specifications for the cable creels and Gantry etc.
- Mr Alex Scott at our Portland site may be willing to meet you in order that a better understanding of MTC/HTC and may be gained but the specifications and requirements for this project and others, where a cost effective transport for a modular installation is required will come from our Greenwich office at this time.

Yours Sincerely

Mike Barclay

SI019551 NWMAR135847

Brix Maritime Mark Troutman Howard Olson Dan Sessler

Contacted - Nov 6
Received Spec -Nov 6
Sent Prices - Nov 7

Scheduled D/D

Note survey inspect w/ABS and owner Nov 7

NORTHWEST MARINE
TO SUMMARY
SSEL: BARGE BMC 322

07-Nov-91



OWNER: BRIX MARITIME

ITEN			PRICE !	
1	IDRYDOCK	¦	:i	
	(LIFT DAY ( MINIHUM CHARGE)	11	400 :	
	LAY DAY (MINIMUM CHARGE)	11	340 ¦	EACH DAY
	IBLOCKS/POP LABOR	11	2,500	
	;	::		
2	HULL CLEANING	11	;	
	!KEEL TO 4'-0" WL	::	;	
	: 10,000 FT2	**	1	
	ISANDSWEEP 9,000FT2	11	10,979 :	90 % OF AREA
	SPOT BLAST 1,000 FT2	;;	3,096 1	
	1	11	· 1	
3	HULL COATING (OWNERS PAINT)	11	1	
	ISPOT COAT	11	581 1	PER COAT
	:FULL COAT	11	2,111 ;	PER COAT
	:MARKINGS	11	690 ;	
	1	11	;	
_ 4	IZINCS	11	1	
	(FURNISH/INSTALL (50)	- 11	3,201 ;	
	ISTANDARD ZINCS	. !!	1	
	1	11	1	
	1	11	t	
	1	11	1	
	NOTE.			

NOTE:

PRICES DO NOT INCLUDE ANY OVERTIME COSTS

D S	NEST MARINE UMMARY L:BARGE BMC 322 : BRIX MARITIME	BID NO.		RATE ST RATE OT MKUP MTL MKUP SUB MKUP POPT MKUP POPUF	1 40.00 0.00 10.002 10.002 0.002 0.002	2 0.00 0.00 0.002 0.002 0.002 0.002	3 0.00 0.00 0.002 0.002 0.002	07-Nov-91	
ITEM	TITLE	ST HOURS	OT HOURS	HAT'L	SUBS	POP/T	. POP/UF	PRICE	
! 1 !	:DRYDOCK :LIFT DAY ( MINIMUM CHARGE) :LAY DAY (MINIMUM CHARGE) :BLOCKS/POP LABOR					400 340 2500	0 :	400   340   2,500	EACH DAY
: 2 : :	: HULL CLEANING IKEEL TO 4'-0" WL I 10,000 FT2 ISANDSWEEP 9,000FT2 ISPOT BLAST 1,000 FT2	; ; ; ; 200 ; 50		1350 525	<b>4</b> 50 17 <b>5</b>	<b>58</b> 0 210	419   116	10,979   3,096	
3	HULL COATING (OWNERS PAINT) SPOT COAT FULL COAT MARKINGS	12 144 16		5 45 20		75 225	20   20   76   28	581 : 2,111 : 690 :	PER COAT PER COAT
4	:ZINCS :FURNISH/INSTALL (50) :STANDARD ZINCS :	; ; 75 ;				75	12e ; ; ;	3,201 :	

NOTE:

PRICES DO NOT INCLUDE ANY OVERTIME COSTS

Brinks Maritime

VESSEL: Eag BMC 322

est, by <u>Riddle</u>

PAGE OF 1

ITEM	DESCRIPTION	LEN	St.	TR 1	PS 2	M 3	MS 3	RG	BM 5	PF 6	EL 7	CP 10	CA 12	LG 12	CO	SM 15	냙	HOURS	MAT'L	SUBS	POPT
	180'x 45' x 12' / 4'0' WL. GT= 792.	_ک	+	Ė	-	Ť	Ť	Ť	_									<del></del>			
١.	Doydock: L.f. day 792x 0:34 = 269/M	IN IM	7															_	_	-	4-00
		QQIvés	$\mathcal{I}$															_	-	_	340
	Black and Pol Labor																	-	·	-	25.0
				ļ	_		-	_		_									<u> </u>	<del> </del> -	
2	Hull Cleaning (to 4'0' WL) (10000 ft2)			-	1			20		-	-						30	Coo	136.	450	580
	sandoweep 2000/12 18 form 200+ blood (10%) 1000/12 7		-	$\dagger$	50		-	20	<del>  -</del>	-				-			-		525		210
	2007 61007 (10 3) 10001				100														1 323	1	
	Α			_						_											
3	Hull Painting		_	<del> </del>	-		_	ļ	<del> </del>	-	-			_						<del> </del>	<del> </del>
	- Fort cont @ 25t/ke/cont 5galls.  Bull cont @ 22t/kr/cont 45 galls.		<b> </b>	┼	8	<del> </del>	-	4	├	-	<del> </del>		-					1.7	5	-	75
	Sull const: @ 22th /47 cost 45 galls.		-	<del> </del>	36	-	-	8	-	-	-					-		44	45		225
			-		$\vdash$	-	-	<del>                                     </del>		1					┢─						<del> </del>
	<u> </u>		_	<u> </u>	_	_	ļ		_	_	_					_			<u> </u>	ļ	ļ
			<u> </u>	_	-		ļ	_		_	ļ			-		ļ.—			<u> </u>	<del> </del>	<b></b> .
			-	┼	-	├	-	-	-	-	-	-	-		-	<del> </del>	<u> </u>		<del> </del> -	<del>  -</del>	
				<del> </del>	╁╾	$\vdash$	├-	┼─	+	-					-		!	* <del></del>		<del> </del>	<del>                                     </del>
			<del> </del>	†-	<del> </del>	-		-	<del> </del>	+	+-	-	-		-			,	1	<del> </del>	
	,		1	†	<b>†</b>	1	1	<del>                                     </del>	1							1				1	<b>†</b>
															<u> </u>			<b>:</b>			

## Riedel International

Phone 285 9111 Fax 240 8630 Yard Fax 240 8612

Fran Braoach Tony Stohl Bud Sessler

Contact Received Spec Nov 13 Sent Prices Nov 15

Status - Nov 22 - Decision Mon/Tue Nov 25-26

Note - Auction Information

T) SEQUENCE · CRANZ NEEDS for LICORL - USE SF From Super from - RII - HWM / RII MWM WORK AT RIL YERD Wound of Poutland - FLOATING CRANG ASSIST - FLOATING CRANG ASSIST Composent size & with of endire lifts RED'O Hounty exto Troo

# RIEDEL INTERNATIONAL

CRANE RARge F.J. "Super FRAN" BRADACH

BUILT: 1982 N.W.M.I.W. Pontlano

an : 643362 AGS TO : 8205644

Towards: 3350

CLASSIFIAMON: ABS/USCG

Description : L - 285'

B - 78'

0 - 18'

Decu A : 1/2"

5100 SHEU : 7/6"

BOTTON PE : 7/16

KGGL R : 3/4"

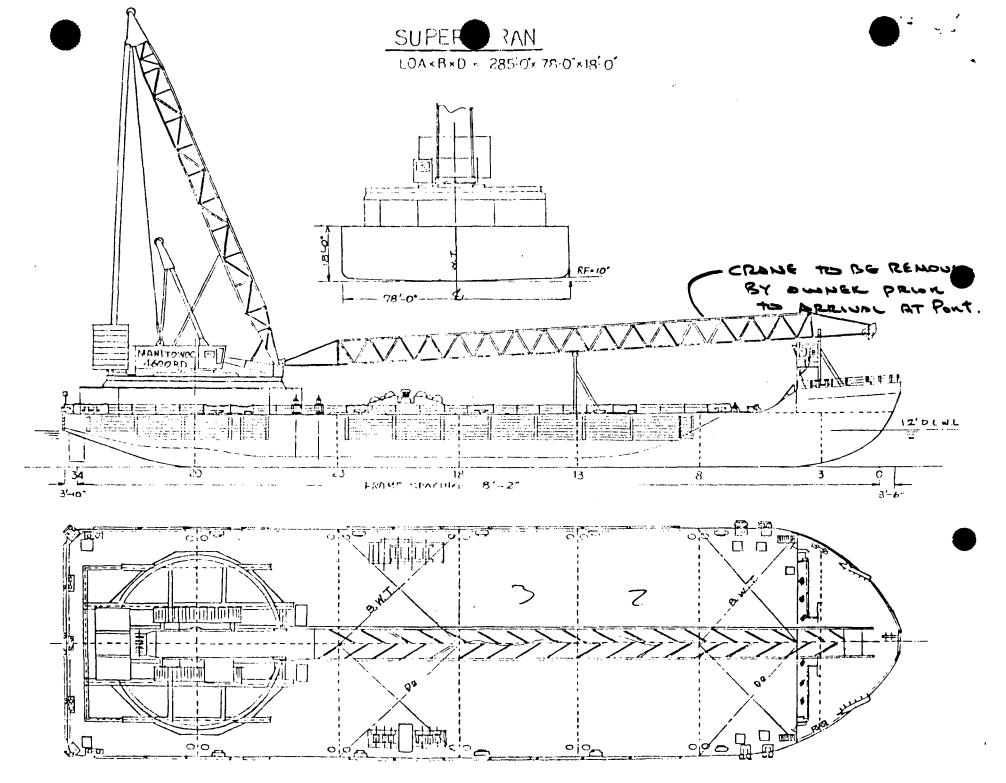
VESSEL LOCATED RIEDEL EQUIPT YARD

N. Portland

CONTACT BUD SESSIEV 285-9111

PIZICES TO : FRAN BRADACH 285-9111

- F. S. Super Freed Mone BARSE Steer + Zaript Removars
- BARGE TO P C O ARRIVE AT CROME WI PLINGER REMOVED. P. O. P. W/ALL TANKS & Spaces Open
- 2 MUX. 7074 Port Casts are traciffs q QUETE TO REMOVE (QUALIFY FINANCIAL TERMI) - Ocote Dricks Dr ゴメイ ושכלשטוצץ
- A. WINCH CONTROL House Two SET ASIDE FOR OWNER
- ې ا FAIRLEROS - SET DSIOG FOR OWNER
- C Winches ı SET ASIOF です りんてく
- d DECK MOUNTED WALKWAYS, ELECTULES, POF.
- 6 FLEETING FOUNDATIONS - ADSTACTOR TO CREAT PEDENTAL PES
- **↑** 0,006 gar. Free TANK & ASSOC Corpiesant
- ç House Macus 1 IN COURSE DEDENTIC マシウム
- テ・ Crowe Suppost . Procestar -Note: 9 LEAVE FLANSE QUOTE 10 543 12 -2-ATTACHEO 6175 ME WEB REMAUNT t DECK . SMOOTH SURFACE
- 9 Remove fungs GOUSES INTO MAIN OFTH POTTE hon ouck. 06 7:1 するると
- 7 D T U OT REMOVER REMOVALS BELDAY TRUCKING COSTS FOR DECEMBER SER The removal 20/07 06265 600.041
- D LL 8 Gouges, cuts DY PRANCE STANUARUS 4000 t 6 足とりないべい
- PRICES ならいらいるしい. DO NOT INCLUDE ANY PAINT TOUCH . UP, COATINS



DRAWING NO. 0311831

SI019570 NWMAR135856

BID S	HWEST MARINE SUMMARY ELSUPER FRAN R:RIEDEL		1	RATE ST RATE OT MKUP MTL MKUP SUB MKUP POPT MKUP POPU	1 40.00 12.00 10.00\$ 10.00\$ 5.00\$	2 0.00 0.00 0.003 0.003 0.003	3 0.00 0.00 0.00\$ 0.00\$ 0.00\$	15 DAY 4	30 DAY *	30 + DAY	132-31
ITEM	TITLE	ST HOURS	OT HOURS	MAT'L	SUBS	POP/T	POP/UF		PRICE		
1	LABOR A. ALL CRAFTS, JOUR	1	1	0	0	0	0 2	42	44 ;	0 1	
	A.1 ALL CRAFTS, JOU B. ALL CRAFTS, SUPE B.1 ALL CRAFTS, SUP	1.08	1.08				1 2 1	13   45   14	47	; 50 ;	
	C. SAFETY, PER DAY	1	2,00	•			17	417	1	459	
1	D. CHEMIST, PER VIS	 			500		23	573	II I	630	
2	EQUIPMENT A. CRANE, WITH OPER B. OTHER AT NO COST					300	14	649		714	
3	SERVICES A. SANDBLAST DECK,						0	8.00	8.32	8.65	BASED UPON 1000 F
i i i	B. MECHAN. CLEAN DE C. FIRE PROTECTION, D. GANGWAY, ON/OFF	8		15		75	0 14 14	9.50 351 413	365 ;	; 386 ;	BASED UPON 1000 F
	E. STAGING, PER UNI 4'WIDE X 6'HIGH X	i		30		73	0 28	1 8		i i	
	F. BERTHAGE, PER FO G. OPEN/CLOSE BOLTE	i i		2		1.5	0 7	2.00	2.08	2.16	
	H. REGASKET MANHOLE ON HARDWARE INC	3		35			7 0	166	173	183	
1	I. MAIN DECK PORTABLE	, 8		25 25	A7.		8 15	196   363	378 ;	399	
į	K. MANLIFT WITH OPE L. ELECTRICITY, PER	-		10	375		31	775			

NORTHWEST MARINE BID SUMMARY VESSEL

12-Nov-91

SUPER FRAN

OWNER:

OWALK	NALVEL	PAYMENT	* 30 DAY * PAYMENT *		1
ITEM	TITLE			PRICE	1 1 1
1	LABOR	. 0			! ! !
1	A. ALL CRAFTS, JOURNEYMEN, S.T., PER HOUR	42		46	1
1	A.1 ALL CRAFTS, JOURNEYMEN, O.T., PER HOUR	13		14	i 1
1	B. ALL CRAFTS, SUPERVISION, S.T. PER HOUR	45		50	! · · · · · · · · · · · · · · · · · · ·
!	B.1 ALL CRAFTS, SUPERVISION, O.T., PER HOUR	14		15	! !
	C. SAFETY, PER DAY	417	434	459	! ! !
1	D. CHEMIST, PER VISIT	573	596	i	1 1 1
2	EQUIPMENT	i	ii i	1 ! !	f   
	A. CRANE, WITH OPERATOR & (2) RIGGERS, PER (4) HOUR PERIOD  B. OTHER AT NO COST	! !	11 1	714	1 1 1 1
3	i  SERVICES	i	11 1	1	1 1 1
	A. SANDBLAST DECK, PER FT2, INCD.DISPOSAL	8.00		8.65	BASED UPON 1000 FT2
•	B. MECHAN. CLEAN DECK, PER FT2, INCLD. DISPOSAL	9.50			BASED UPON 1000 FT2
İ	C. FIRE PROTECTION, PER MANIFOLD	351	1 365	386	1
;	D. GANGWAY, ON/OFF	413		454	1
1	E. STAGING, PER UNIT			1	i I
1	4'WIDE X 6'HIGH X 7'LONG, COMPLETE	701	729	771	1
1	F. BERTHAGE, PER FOOT	; 2.00	2.08	2.16	1
1	G. OPEN/CLOSE BOLTED MANHOLES, EACH	169	176	186	1
	H. REGASKET MANHOLES, EACH	166	173	183	1
1	( NO HARDWARE INCLD.)		11 1	1	1
1	I. MAIN DECK PORTABLE LIGHTS, EACH	196		216	
-	J. IN-TANK PORTABLE LIGHTS, EACH	363	<b>   378                                  </b>	399	1
!	K. MANLIFT WITH OPERATOR, PER (8) SHIFT	775			1
1	L. ELECTRICITY, PER KWH	0.10	0.10	0.10	;

BID S VESSE	WEST MARINE UMMARY LSUPER FRAN :RIEDEL			RATE ST RATE OT MKUP MTL MKUP SUB MKUP POPT MKUP POPU	1 38.00 12.00 10.00\$ 10.00\$ 5.00\$ 0.00\$		0.00 0.00\$ 0.00\$ 0.00\$	15 DAY	30 DAY 4		
ITEM	TITLE	ST HOURS	OT HOURS	HAT'L	SUBS		POP/UF			PRICE	} } !
	LABOR A. ALL CRAFTS, JOUR A.1 ALL CRAFTS, JOU B. ALL CRAFTS, SUPE B.1 ALL CRAFTS, SUP C. SAFETY, PER DAY D. CHEMIST, PER VIS	1.08	1 1.08	0	500	0		40 13 43 14 396	0 42 14 45 15	44 14 47 15 436	
2	EQUIPMENT A. CRANE, WITH OPER B. OTHER AT NO COST	8			•••	300	13		657	1 1 1	
3	SERVICES A. SANDBLAST DECK, B. MECHAN. CLEAN DE C. FIRE PROTECTION, D. GANGWAY, ON/OFF E. STAGING, PER UNI 4'WIDE X 6'HIGH X F. BERTHAGE, PER FO G. OPEN/CLOSE BOLTE H. REGASKET MANHOLE ( NO HARDWARE INC I. MAIN DECK PORTAB J. IN-TANK PORTABLE K. MANLIFT WITH OPE L. ELECTRICITY, PER	8 8 8 16 4 4 8 8 8		15 30 2 35 25 25 10	375	75	0 0 13 13 0 27 0 6 6 0 8 14	8.00 9.50 334 396 668 2.00 160 159	8.32 9.88 347 412 695 2.08 166 165 196 360 789	10.28 367 436 735 2.16 176 175 207 381 835	1

NORTHWEST MARINE BID SUMMARY VESSEL

12-Nov-91

SUPER FRAN

OWNER:

1	;	A	30 DAY		1
ITEM		PRICE	PRICE	PRICE	{   
1	LABOR	0	0	0	t 
fr 1	A. ALL CRAFTS, JOURNEYMEN, S.T., PER HOUR	40			1
!	A.1 ALL CRAFTS, JOURNEYMEN, O.T., PER HOUR	13 ¦			1
· .	B. ALL CRAFTS, SUPERVISION, S.T. PER HOUR	43			1
	B.1 ALL CRAFTS, SUPERVISION, O.T., PER HOUR				! !
	C. SAFETY, PER DAY	396	412	1	1 1 1
	D. CHEMIST, PER VISIT	573	596	1	! ! !
2	EQUIPMENT	1 1	1 1		; 1 †
!	A. CRANE, WITH OPERATOR & (2) RIGGERS, PER (4) HOUR PERIOD	632			f
!	B. OTHER AT NO COST	] 	1 1	#   <del> </del>   <del> </del>	1 1 4
3	SERVICES		1	       	; † !
	A. SANDBLAST DECK, PER FT2, INCD.DISPOSAL	8.00			BASED UPON 1000 FT2
1	B. MECHAN. CLEAN DECK, PER FT2, INCLD. DISPOSAL	9.50			BASED UPON 1000 FT2
1	C. FIRE PROTECTION, PER MANIFOLD	334	347	367	ř I
1	D. GANGNAY, ON/OFF	396 ;			1
1	E. STAGING, PER UNIT	1	11 1	1	4
1	4'WIDE X 6'HIGH X 7'LONG, COMPLETE	668	695	735	1
1	F. BERTHAGE, PER FOOT	2.00	2.08	2.16	F I
1	G. OPEN/CLOSE BOLTED MANHOLES, EACH	160	166	176	1
1	H. REGASKET MANHOLES, EACH	159 :	165	175	! !
1	( NO HARDWARE INCLD.)			1	1
1	I. MAIN DECK PORTABLE LIGHTS, EACH	188 ;	196	207	1
1	; J. IN-TANK PORTABLE LIGHTS, EACH	346	360	381	i 1
1	K. MANLIFT WITH OPERATOR, PER (8) SHIFT	759 ¦	789	835	! !
1	L. ELECTRICITY, PER KWH	0.10	0.10	0.10	1

NORTHWEST MARINE

BID SUMMARY

15-Nov-91

VESSEL:

SUPER FRAN

OWNER:

REIDEL

ITEM	: TITLE	H	PRICE
	: !ALTERNATIVE (A).	11	
11A	BASIC WORK REMOVAL OF STEEL INCLUDING DECK FLANGE	11	135,460
12A 1	SERVICES (10 S.T.DAYS ) SBERTH ( FOR 12 DAYS )	11	5,130
i !	CRANES POWER CHEMIST		7,251 1,500 573
 	TOTAL ALTERNATIVE (A)	-  : -  :	149,914

i	INTERNATIVE (B).	H	
; {1B	:BASIC WORK	¦¦  }	!
	REMOVAL OF STEEL, EXCEPT DECK FLANGE	11	78,306
i	1	11	į
2B	SERVICES (10 S.T DAYS)	11	
:	(BERTH ( FOR 12 DAYS)	11	5,130
i	I CRANES	11	7,251
!	:POWER	11	1,500
;	CHEMIST	11	573
;	<b>;</b>	11	1
ł		;;==:	:======;
1	: TOTAL ALTERNATIVE (B)	!!	92,760
l	,	;;==:	=======

NORTHWEST MARINE BID SUMMARY

15-Nov-91

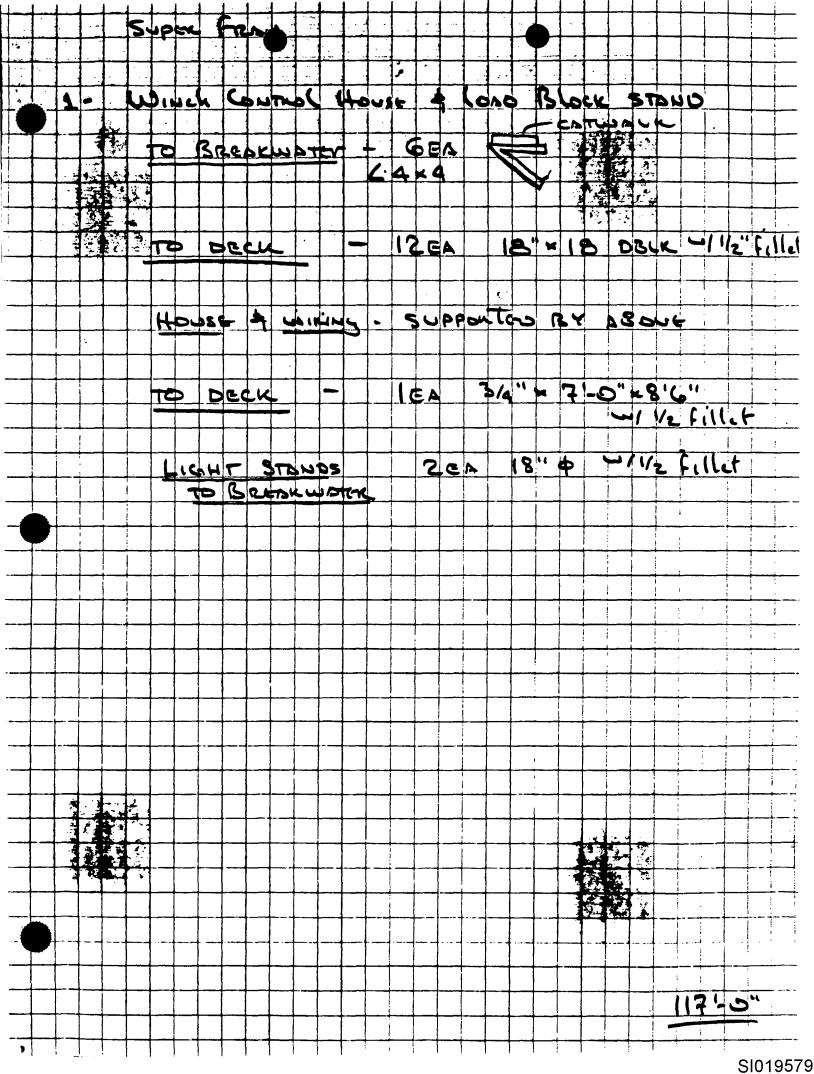
VESSEL

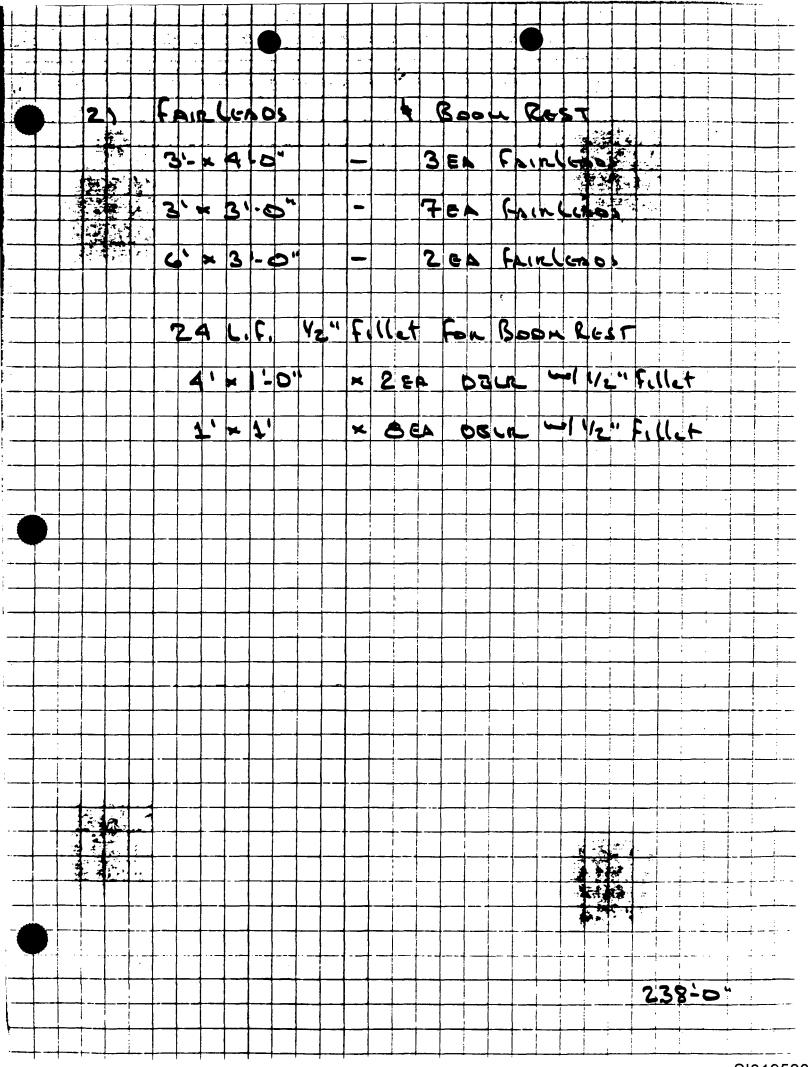
SUPER FRAN

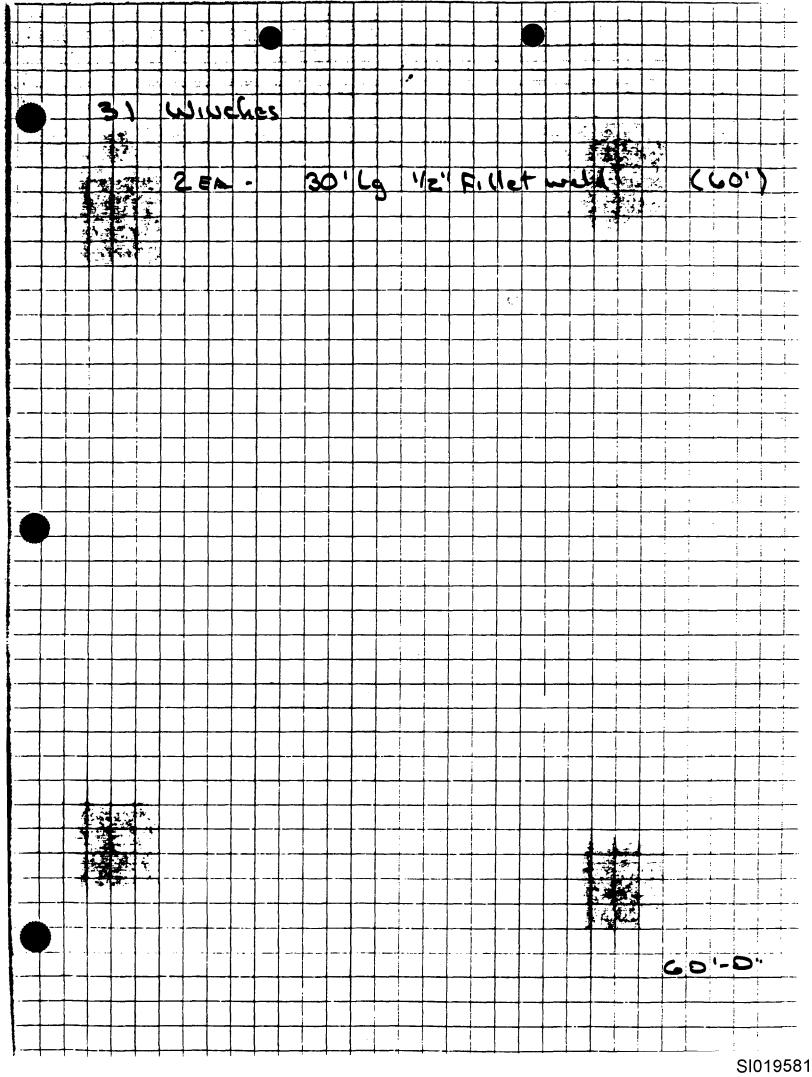
OWER:

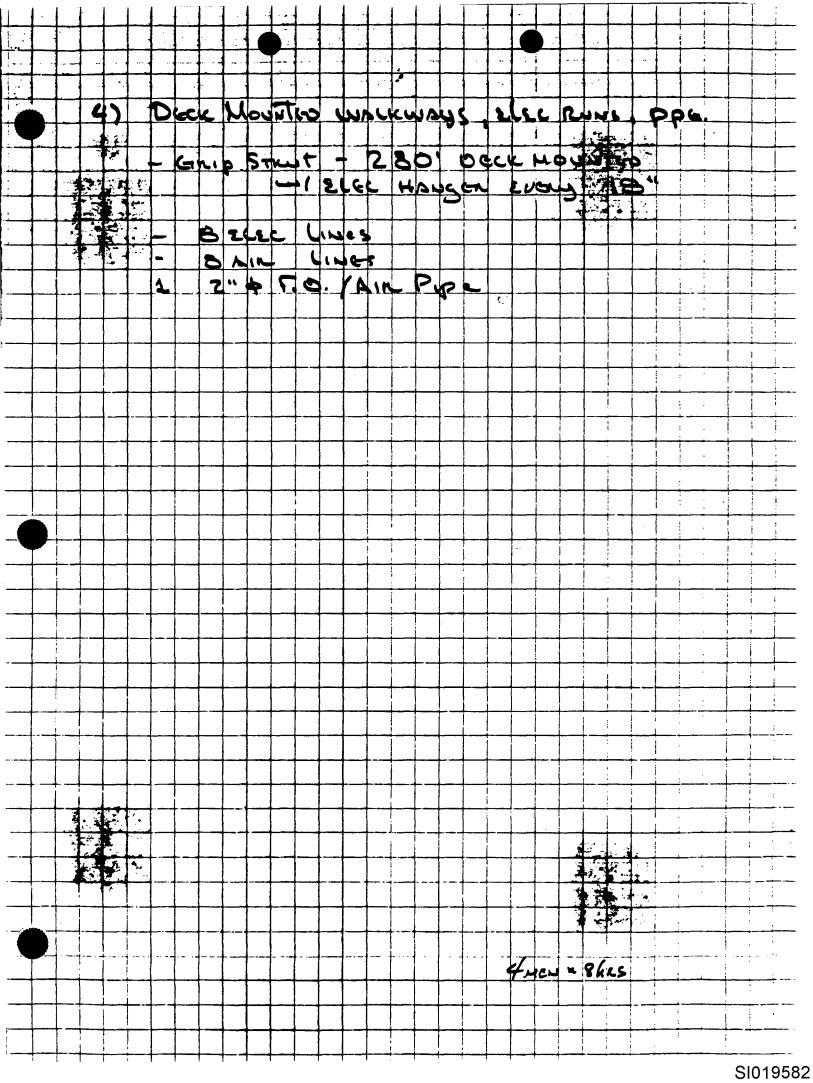
OWNER	RIEDEL										
			DAVMENT	ŧ	30 DAY Payment	ŧ	DAVMENT	•			
ITEM		- ; ;	PRICE	- i i	PRICE	-;: ;;	PRICE	1			
		-;;		-¦;		-;	  .	·i			
, 1 ,	TLABUR  A. ALL CRAFTS, JOURNEYMEN, S.T., PER HOUR  A.1 ALL CRAFTS, JOURNEYMEN, O.T., PER HOUR  B. ALL CRAFTS, SUPERVISION, S.T. PER HOUR  B. ALL CRAFTS, SUPERVISION, O.T., PER HOUR	11	75	11	7,6	11	, 70	!			
l I	A A ALL CRAFIC, DUDARETHER, D. F., FER HOUR	- 11	17		14	!!	: 37 ! 14	!			
,	I B. ALL CHAPTS, SUURMETHEN, U.T., FER HUUN	11	10	11	#1	•	. 17 ! AT	•			
) }	B.1 ALL CRAFTS, SUPERVISION, O.T., PER HOUR	11	14	!!	15		15	!			
! !	i or wer curris, sprenatsion, oris, rev monu	- 11	17	11	10	1		!			
! !	C. SAFETY, PER DAY							!			
! <u>i</u>	i Ca Onicity ten uni	11		11		1		:			
!	D. CHEMIST, PER VISIT	11						:			
!	i wa untilitary ren viatr	11		11		1					
. 2	Leguipment	11		11				:			
	: A. CRANE, WITH OPERATOR & (2) RIGGERS, PER (4) HOUR PERIOD							:			
	B. OTHER AT NO COST	П		11		1		!			
		11		11		l	•				
3	: Services	H		11				Ì			
		11						BASED	UPON	1000	FT2
	B. MECHAN. CLEAN DECK, PER FT2, INCLD. DISPOSAL							BASED			
!	: C. FIRE PROTECTION, PER MANIFOLD	11	301								
	I D CANCHAY ON OCC		747					;			
	I E CTACINE DED HNTT	11		11		ŧ	<b>;</b>	;			
ł	: 4'WIDE X 6'HIGH X 7'LONG, COMPLETE	11	601	11	625	: :	661	1			
1	: F. BERTHAGE, PER FOOT	;;	2.00	11	2.08	ł	2.16	;			
{	: 6. OPEN/CLOSE BOLTED MANHOLES, EACH	11	144	! :	150	1	158	1			
ł	: H. REGASKET MANHOLES, EACH	11	147	11	153	1	162	1			
1	: ( NO HARDWARE INCLD.)	11		11		1		!			
ł	: 4'MIDE X 6'HIGH X 7'LONG, COMPLETE : F. BERTHAGE, PER FOOT : G. OPEN/CLOSE BOLTED MANHOLES, EACH : H. REGASKET MANHOLES, EACH : ( NO HARDWARE INCLD.) : I. MAIN DECK PORTABLE LIGHTS, EACH	11	171	11	178	ł	: 1 <b>8</b> 8	1			
i	I J. IN-TANK PORTABLE LIGHTS, EACH	i i	313		326			ŀ			
	: K. MANLIFT WITH OPERATOR, PER (B) SHIFT	11			754						
ł	: L. ELECTRICITY, PER KWH	11	0.10	11	0.10	; ;	0.10	;			

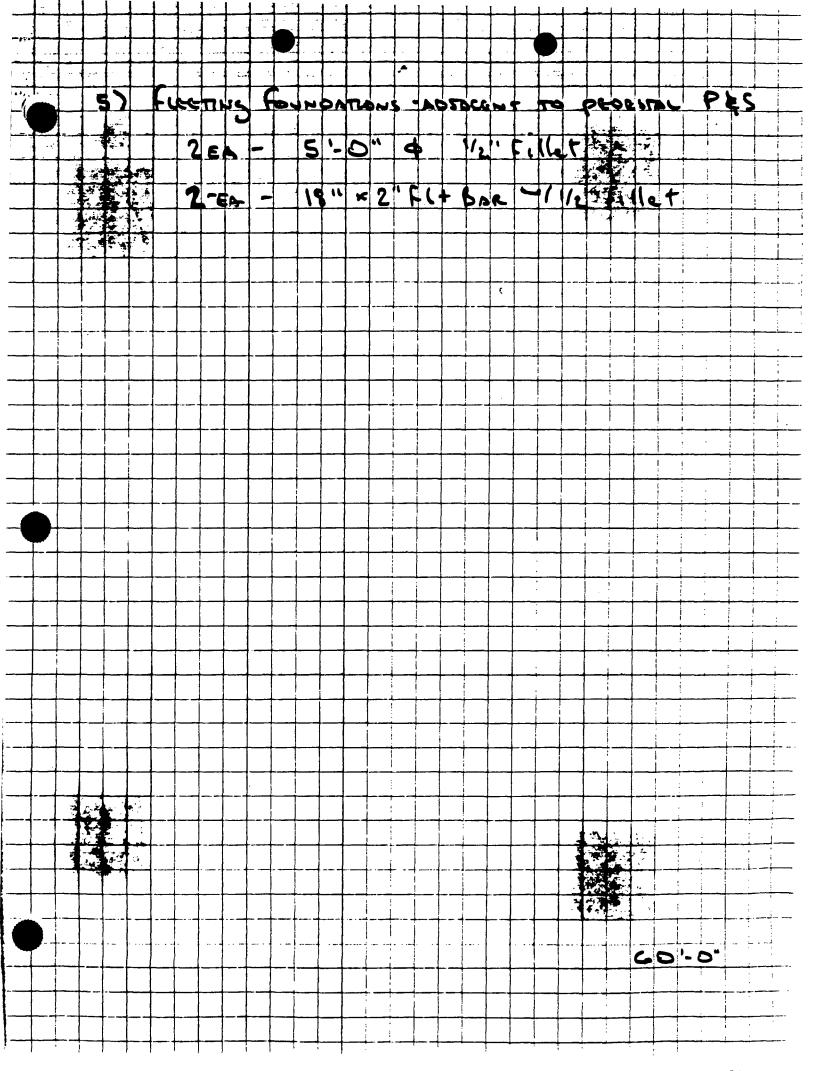
Super man	Steel Removals	
TOTAL (A)	cush dece in way of Removals	
9/6	clear beck in way of Removals	
	Meu = 10 days = 3500	
4 4	ik chance is to eduly ? 40	
C	menumares 2 (Diooc	~
	+ Bekth, Pont Changes, chemist	
	r, choir & comsumastes	
	BE CEFT ATTACHED TO DECK IN WAY OF REN	رصمورد
, <b></b>	460 x 10 days 2 2000 h	CW 2
4	hn chart - 10 days = 40 h	
4		
	hn chart - 10 days = 40 h	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chare n 10 days = 40 l	
	hn chart nodays . 40 h susumables + Benth, Part Chango, chruist	
	hn chart nodays . 40 h susumables + Benth, Part Chango, chruist	
	hn chart nodays . 40 h susumables + Benth, Part Chango, chruist	

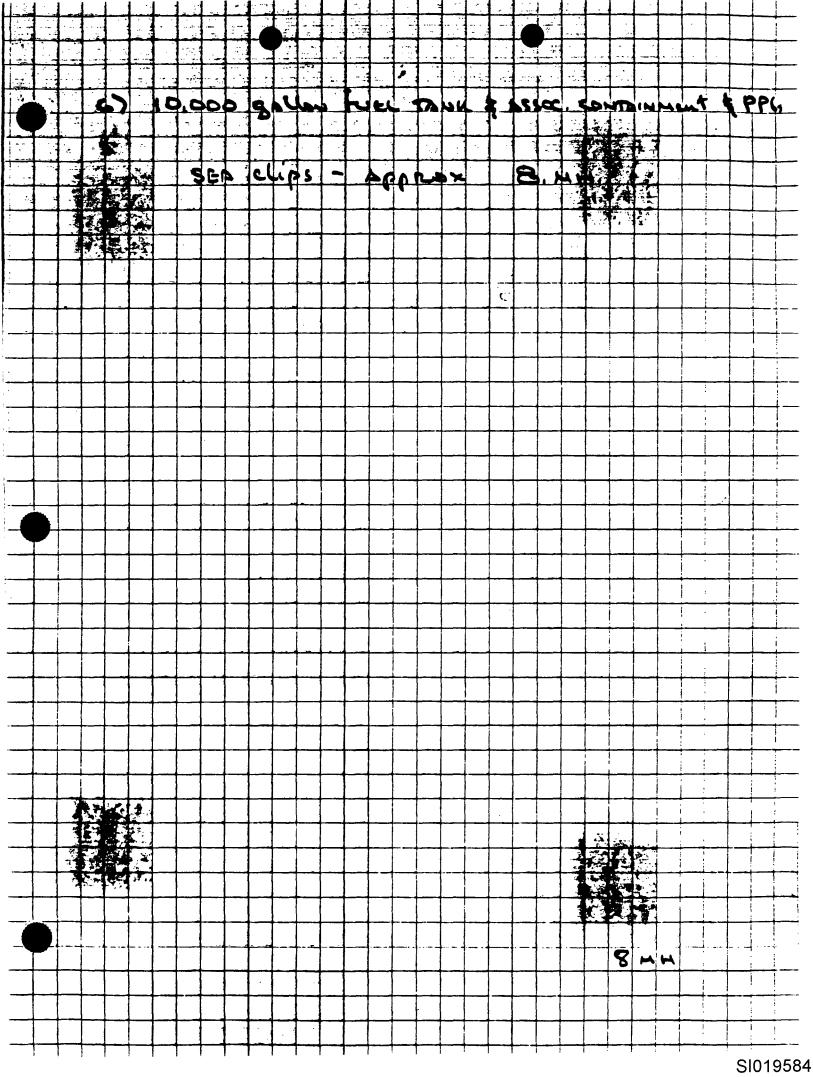


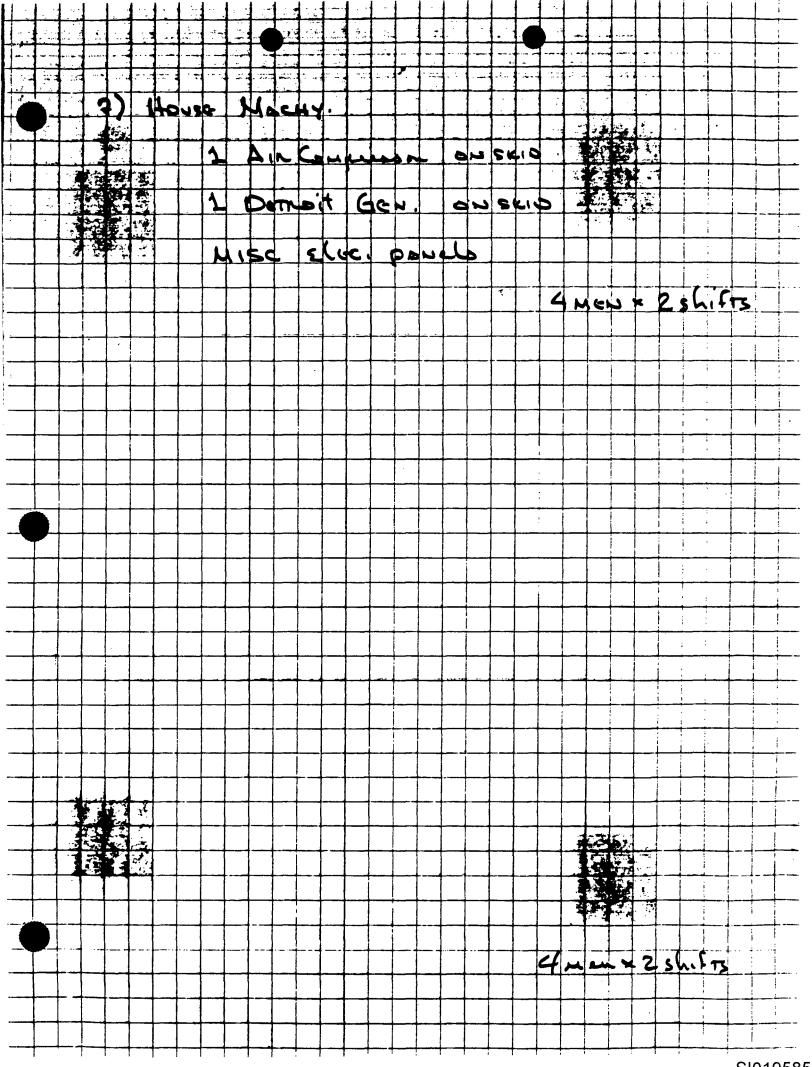


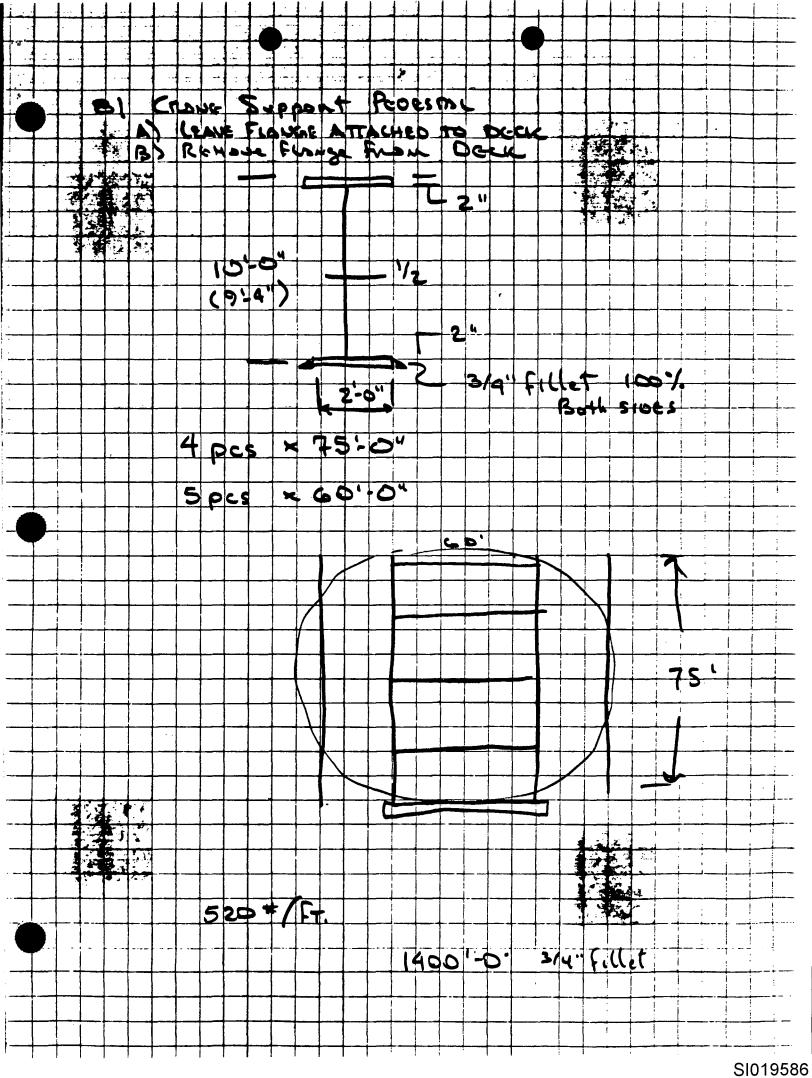


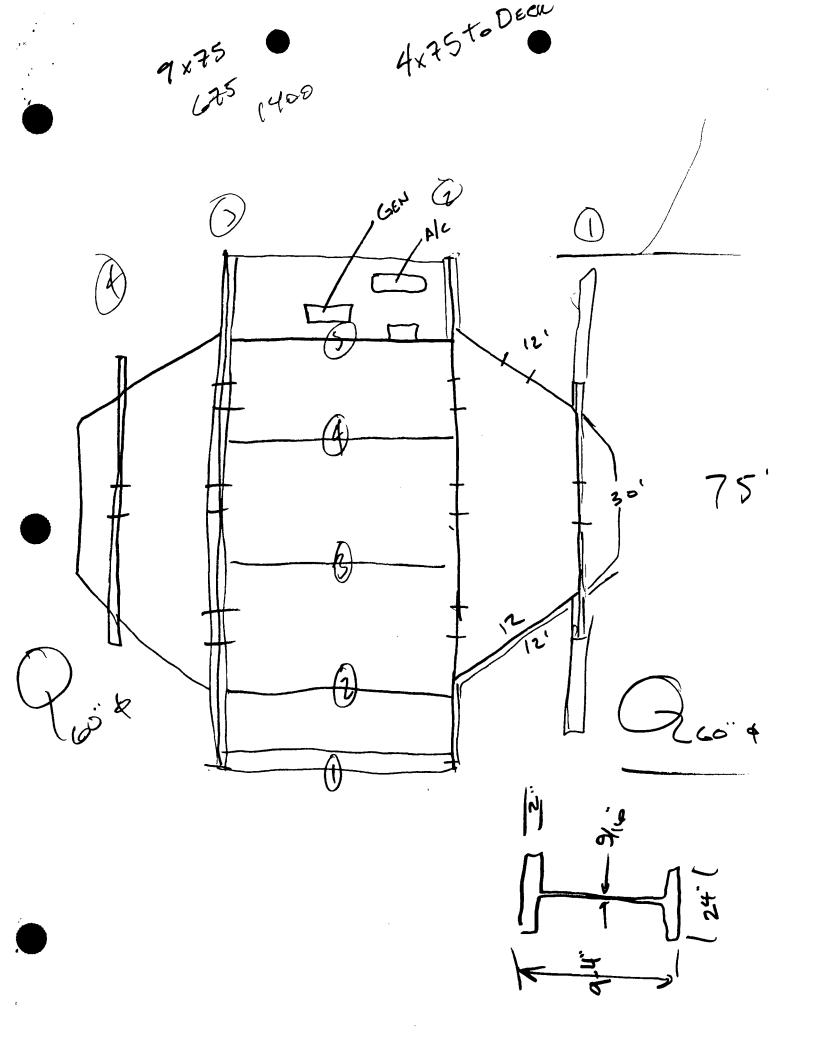


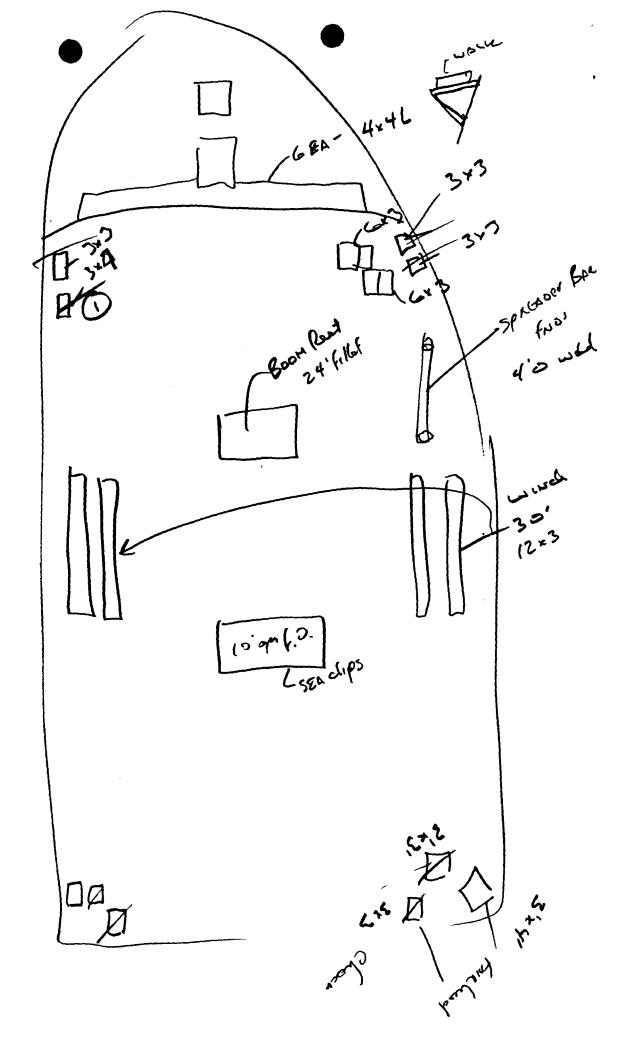


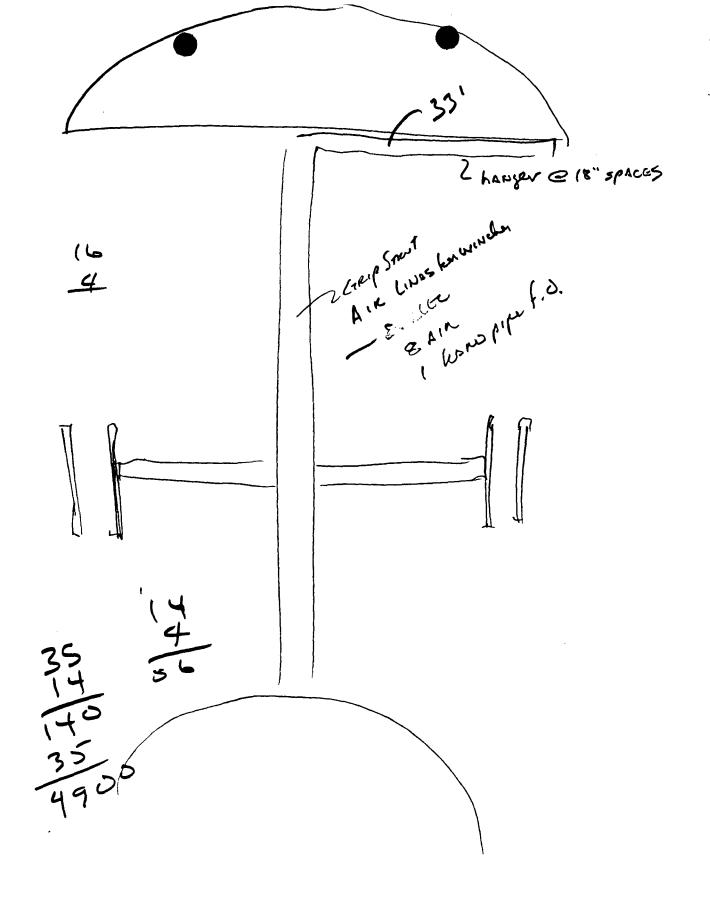




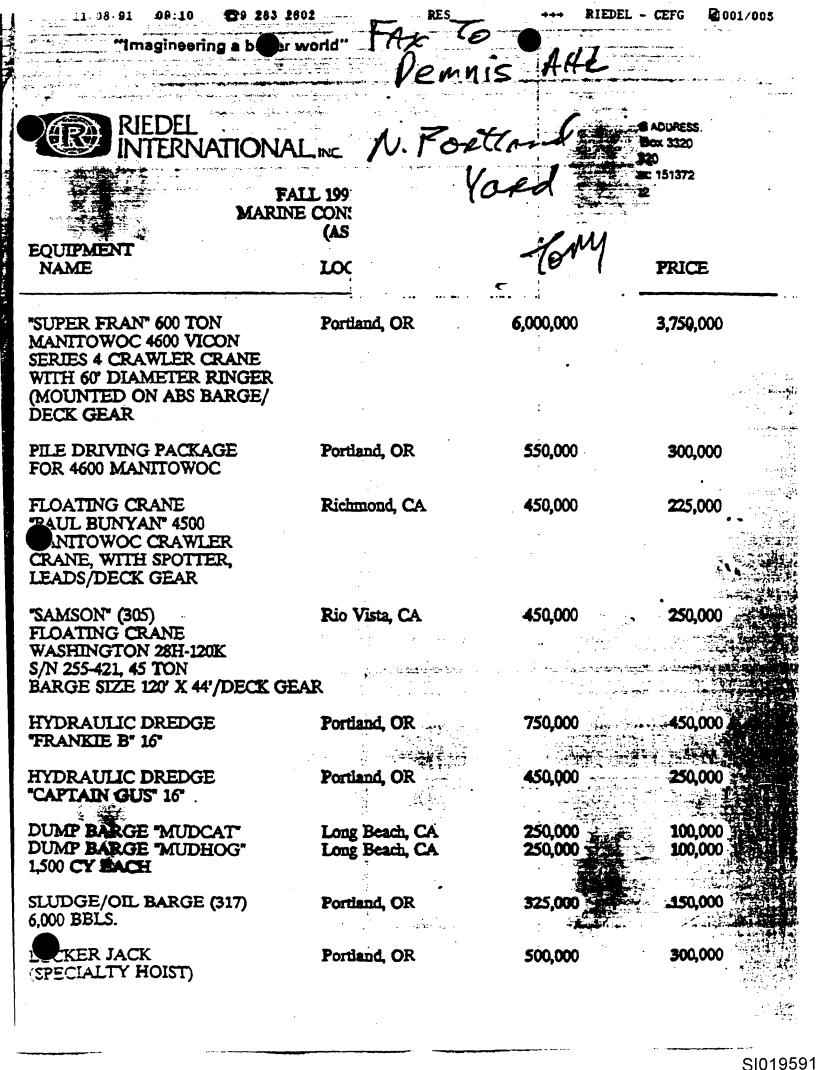








PESLISATE P.A. STANOS
18". 1/2 Fillet wild - 1/2" Fillet 86"





# INE CONSTRUCTION EQUIPMENT S IS/WHERE IS) age 2

35		•	· ·		
~	EQUIPMENT NAME	LOCATION	MARKET VALUE	PRICE	
j.	23-002 DB COLUMBIA AMERICAN 685, S/N 151, 25 TON, 140' X 34' X 10.5'	Portland, OR	30,000	20,000	
*	23-103 DB AJAX CLYDE 24 S/N 563-511, 35 TON 129.6' X 35.1' X 7.3'	Portland, OR	40,000	<b>25,000</b> ,	
2.	23-104 DB AMAZON COLBY 200SN320 S/N 563-363, 35 TON 170' X 34' X 10.6'	Portland, OR	<b>65,00</b> 0	<b>50,00</b> 0	
3.	23-201 DB GOLIATH WASHINGTON 28H-120K S/N 267-632, 35 TON 116.5' X 43.5' X 7.5'	Portland, OR	200,000	150,000	
4.	23-204 DB TITAN WASHINGTON 28H-120K S/N 259-389, 45 TON 104' X 48'	Portland, OR	150,000	125,000	
5.	23-205 DB ZEUS WASHINGTON 28H105-4423 S/N 252-295, 45 TON 120' X 44'	Portland, OR	350,000	250,000	
6.	23-301 DB VULCAN KALTENBACH S/N 563-327, 60 TON 101.2 X 45' X 8.2'	Astoria, OR	250,000	175,000	
.7.	23-302 DB HERCULES AMERICAN R-30 S/N 561-614, 75 TON 115' X 52' X 10.06'	Portland, OR	800,000	650,000	
	23-700 GREEN GIANT WILLAMETTE WESTERN PILEDRIVER, 250 TON 130.2' X 51' X 10.1'	Portiand, OR	375,000	250,000	



ARINE CONSTRUCTION EQUIPMENT IS IS/WHERE IS)

age 3

		**************************************		
BARGES	LOCATION	MARKET VALUE	PRICE	
53-501 OIL SKIM BARGE 26' X 40'	Portland, OR	2,500	<b>2,00</b> 0	1
. 60-603 FUEL AND WATER BARGE 8' X 30' × 130'	Rio Vista, CA	<b>35,000</b>	25,000	
. 60-702 "GLADIATOR" CRANE BARGE 32" X 107'	Portland, OR	8,000	<b>5,00</b> 0	77.77
. 60-803 AMERICAN DUMP BARGE 40' X 144'	Richmond, CA	14,000	10,000	
806 AMERICAN DUMP BARGE 40' X 144'	Richmond, CA	14,000	10,000	
. 60-414 STEEL FLAT DECK 30' X 104'	Portland, OR	25,000	<b>20,000</b> ·	
. 60-418 "PRINCESS CHRISTINA" 42' X 150'	Portland, OR	80,000	70,000	
:. 60-410 "PENDLETON" CRAWLER CRANE BARGE 38' X 75' X44	Portland, OR	25,000	20,000	
. 60-411 "PROSSER" CRAWLER CRANE BARGE 36' X 82' × 4	Pasco Rockett, OR	15,000	12,000	
	•			<b>北京市</b>

### BARGE SPECIFICATIONS

VESSEL: BILLIE K

BUILDER: BERGERON

**OFFICIAL NO: 652 076** 

CLASS: I A-1 Barge

Zidell, Inc. OWNER:

HOME PORT:

Portland, OR

DATE: 1982

HULL NO: 1510

·				TO	NNAGE
	FT/INCHES	METERS		NET	GROSS
LOA	250'0"	76.22	uscg	2325	2325
BREADTH MOLDED	72'0"	21.95			
DEPTH MOLDED	15'0"	4.5	ABS	DISPL	DWT
LOAD LINE	11'8-3/4"	3.57		5205.4 L.T.S.W.	4603.7 L.T.S.W

LIGHT VESSEL:

DRAFT LADEN: 11'8-3/4"

LONG TONS:

FRESH WATER ALLOWANCE: 3-1/4"

DRAFT FWD: 2'5 " SERVICE: All Oceans - Unmanned

2'5" DRAFT AFT:

Deck Cargo

**GENERAL DESCRIPTION:** 

32'6" Long Shape Rake 32'6" Long Flat Rake

HULL: Flat Deck, Flat Bottom

RUB RAILS:

SUPERSTRUCTURE:

STERN:

WATERTIGHT COMPARTMENTS: 21

WATERTIGHT BULKHEADS:

PLATING:

TRANSVERSE: 6

SIDES: 1/2"

LONGITUDINAL: 2

**BOTTOM: 1/2"** 

1/2"

PLANKING: none

DECK:

MAXIMUM CARGO WEIGHT PER SQUARE FOOT:

DECK GEAR: Towing Pads P/S, Insurance Pad, (11) 36" cleats, (2) 48" Cleats Centerline F/A (4) 12" Double Bitts P/S F/A, with Battery Boxes.

Twenty-four (24) Hopper type cargo tanks with clam shell doors and conveyor discharge system.

Manne equipment & vesse, operances of the resolution of the support services of the resolution of the

VESSEL DOCUMENTATION: U.S. Flag; ABS Certificate of Classification Maltese A-1 Barge; ABS International Loadline Certificate; U.S.C.G. Certificate of Inspection for Unmanned Ocean Service.

## ZIDELL, INC. DRYDOCKING QUOTE SHEET

DATE: No	vember 7 1991			
REMITTAN	CE DUE:	ATTN:	the BRESMEAN	J .
BARGE:	Billie K' 250'-0"	GROSS TONS: _	2345	
	72'0"	-		
BREADTH:	15° 0"	WATER LINE: _	2'6"	·
	OCKING			
for	nish labor, material and equi underwater inspection, clear ock vessel			
		A Haul Day (2	4 hr.)	
		B Lay Day (2	4 hr.)	ea.
2 SER	VICES			
	nish labor, material and equi uired.	pment for the fo	llowing services a	s/if
A	Boarding Ladder to Main Deck	:		ea.
B	Fire Trees, Connected and Di	sconnected		ea.
	Open and Close ZI  Quik Opening (type) Hat	(number) of		ea.
D.	Provide Tank Cleaning			
	For Cargo Ex Produc	Tanks t		ea:
E.	Safe for Entry and Gas Free of Voids	Certificate		ea.
F.	Provide Ventilation as Requi	red for		ea.
G.	Pick up and Hang Tow Bridle			

	and R	igger	cluding Operator			/hr.
	Labor	er				/hr.
<b>3</b>	Welde	r/Fitter			· .	/hr.
AIR	TEST	VOIDS AND T	ANKS			
		abor, mater	ial and equipment 2 PSI)	to air tes	t as re	equired by ABS a
Α.		_	ents as necessary	y provide ga	uges ar	nd return to
			voids containing	J		
		· · · · · · · · · · · · · · · · · · ·	tanks containing	9		
						(Total)
יווע ני	t CiiDE	מממשפת שרת	TION AND COATING	•		
(A)	Keel	to Water Li	ne (Options)			
A			_			(5.2
(A)	<u>(1)</u>	High Pressu	re Water Wash		<del></del>	/ft <sup>2</sup>
(A)	① ②.	High Pressu	re Water Wash	877		/ft <sup>2</sup>
<b>(3)</b>	① ②.	High Pressu	re Water Wash	277	-	
<b>(A)</b>	① · · · · · · · · · · · · · · · · · · ·	High Pressu	re Water Wash Sweep	şiri		/ft <sup>2</sup>
<b>(3)</b>	① ② · ③ ④	High Pressu Hand Scrape Light Sand Heavy Sand	re Water Wash Sweep	y"		/ft <sup>2</sup>
(B)	① ② ③ ④ 5.	High Pressu Hand Scrape Light Sand Heavy Sand	re Water Wash  Sweep  \$weep  #6 Sand Blast	<i>;**</i>		/ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup>
	① ② ③ ③ 5. Water	High Pressur Hand Scrape Light Sand Heavy Sand Commercial	re Water Wash  Sweep  \$weep  #6 Sand Blast			/ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup>
	① 2). 3) 4) 5. Water	High Pressur Hand Scrape Light Sand Heavy Sand Commercial Line to Dec	re Water Wash  Sweep  \$weep  #6 Sand Blast			/ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup>
	1) (2) (3) (4) 5. Water (1) 2.	High Pressur Hand Scrape Light Sand Heavy Sand Commercial Line to Dec	re Water Wash  Sweep  #6 Sand Blast  k (Options)  #6 Sand Blast			/ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup>
B	1) (2) (3) (4) 5. Water (1) 2. Main	High Pressur Hand Scrape Light Sand Heavy Sand Commercial Line to Dec Sand Sweep Commercial	re Water Wash  Sweep  #6 Sand Blast  k (Options)  #6 Sand Blast			/ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup> /ft <sup>2</sup>

•	Œ)	Coating application keel to waterline, incl of zincs.	uding oper protection
		4mils DFT, corrosive paint	/coat
<b>)</b>		3mils DFT, example formished antifouling paint	/coat
	F	Coating Application, Waterline to Deck	
		4mils DFT correspond anti-	/coat
	<u>©</u>	Paint in all draft marks forward and aft, port and starboard. Plimsol marks port and starboard. Name and port of hailing	
4.	COA	TING APPLICATION MAIN DECK	
	1.	4mils DFT owner furnished anti-corrosive	/coat
	2.	Non Skid	/ft <sup>2</sup>
53	ZIN	C RENEWAL	
		nish labor, material and equipment to replace er's representative. (Size 12"x6"x1")	zincs as determined by
	A	Weld On	ea.
-	В.	Bolt On (Including Fasteners)	ea.
6.		For purposes of extinating paint	CosT use
	<u></u>	Intenational Paint: Kla-Socies &	poxics and 4050
		anti Fooling	

NORTHWEST MARINE BID SUMMARY

21-Nov-91

VESSEL:

BARGE BILLIE K

OWNER:

ZIDELL

ITEN	TITLE	11	PRICE :	
	IDRYDOCKING	11	1	
	: A. LIFT DAY	11	3,297.00	
	B. LAY DAYS, EACH	11	3,297.00 : 680.00 :	EACH DAY
	1	11	1	
2	:SERVICES	11	1	
	: A. BOARDING LADDER	11	383.00	
	: A. BOARDING LADDER : B. FIRE TREES, EACH	!!	738.00 :	
	: C. OPEN/CLOSEGA HATCHES, EACH	11	159.00 ;	
	: D. THRU G. N/A : H. CRANE SERVICE, PER HOUR	11	0.00 :	
	H. CRANE SERVICE, PER HOUR	11	181.00 (	
	! I.&J. ADDITIONAL LABOR, S.T	11	35.00 (	PER HOUR
	: ADDITIONAL LABOR, D.T.	11	13.00 :	PER HOUR, PREMIUM
	1	11	+	
3	HAIR TESTSN/A	; ;	1	
	1	11	:	
4	HULL PREPARATION AND COATING	11	+	
		11	1	
	: 1. HP WASH	11	0.40	PER FT2
	1 2. HAND SCRAPE	11	5.00	PER FT2
	: 3. LIGHT SWEEP	11	0.80 ;	PER FT2
	: 4. HEAVY SHEEP	;;	1.35 :	PER FT2
	: B. WL TO DECK			
	1. HEAVY SWEEP	11	1.50 :	PER FT2
	1 C & DN/A	11	;	
	I E. COATING, K TO WL	11	i	
	: 1. FURNISH & APPLY (1) COAT A.C	.::	12,343.00	
	: 2. FURNISH & APPLY (1) COAT A.F	. ! !	12,916.00 :	
	: F. WL TO DECK	11	:	
	E. COATING, K TO WL  1. FURNISH & APPLY (1) COAT A.C  2. FURNISH & APPLY (1) COAT A.F  F. WL TO DECK  1. FURNISH & APPLY (1) A.C.	11	5,401.00 +	
	: 6. MARKINGS	- 11	1,590.00	
	1	- ; ;		
5	RENEW STANDARD ZINCS, EACH		101.00 1	
	1	11	;	

PAGE 1

NORTHWEST MARINE

BID SUMMARY

21-Nov-91

VESSEL:

BARGE BILLIE K

OWNER:

ZIDELL

!		!	!
			! !
	TITLE		!
	IDRYDOCKING :		! !
		3,297.00	
1		680.00	EACH DAY
i	;		
	ISERVICES :	1	! !
;	: A. BOARDING LADDER	383.00	i i
1	B. FIRE TREES, EACH C. OPEN/CLOSEGA HATCHES, EACH D. THRU 6. N/A H. CRANE SERVICE, PER HOUR LI&J. ADDITIONAL LABOR, S.T ADDITIONAL LABOR, O.T.	738.00	
l	: C. OPEN/CLOSEGA HATCHES, EACH	159.00	
l	: D. THRU 6. N/A	0.00	<b>!</b>
;	: H. CRANE SERVICE, PER HOUR	181.00	; •
1	: I.&J. ADDITIONAL LABOR, S.T :	35.00	PER HOUR
1	: ADDITIONAL LABOR, O.T. :	13.00	: PER HOUR, PREMIUM
1	i i	i	<u> </u>
3	HAIR TESTSN/A	1	{ \$
	; i		[ <del>1</del>
4	HULL PREPARATION AND COATING :	:	! !
1	: A. KEEL TO WL		i I
!		0.40	
<b>†</b>		5.00	
!	: 3. LIGHT SWEEP	0.80	PER FT2
1	1 4. HEAVY SHEEP	1.35	PER FT2
;	! B. WL TO DECK !	1.50	
į	1 1. HEAVY SWEEP	1.50	PER FT2
1	1 L & F = 1 = 1   1   1   1   1   1   1   1   1	1	 
•	I E. COATING, K TO WL	!	! !
:	: 1. FURNISH & APPLY (1) COAT A.C.:	12,343.00	<b>¦</b>
i	1 2. FURNISH & APPLY (1) COAT A.F.;	12,916.00	
! •	I F. WL TO DECK	1	4 1
ł	: 1. FURNISH & APPLY (1) A.C.	5,401.00	
!	: 6. MARKINGS	1,590.00	! !
;	· I		i 1
5		101.00	}
i .	!	1	! \$

NORTHWEST MARINE

BID SUMMARY

21-Nov-91

VESSEL:

BARGE BILLIE K

OWNER:

ZIDELL

ITEM	TITLE	PRICE :	
1	:DRYDOCKING ::	;	
	: A. LIFT DAY	3,297.00 1	
	: B. LAY DAYS, EACH ::	3,297.00 { 680.00 }	EACH DAY
•	: ISERVICES II		
	ISERVICES :: A. BOARDING LADDER ::	383.00 :	
	B. FIRE TREES, EACH	770 00 1	
	C. OPEN/CLOSEGA HATCHES, EACH	738.00 1	
	I D. THRU 6. N/A	0.00 !	
	I D. THRU 6. N/A II H. CRANE SERVICE, PER HOUR II	181 00 1	
	1 1.4J. ADDITIONAL LABOR, S.T	35.00 !	PER HOUR
	ADDITIONAL LABOR, O.T.	13.00 !	PER HOUR, PREMIUM
	i Manificant Cunoti, and	!	TEN HOUNT THEMEON
3	HAIR TESTSN/A		
	11	1	
4	HULL PREPARATION AND COATING ::	:	
	: A. KEEL TO WL	1	
	1 1. HP WASH 11	0.40	PER FT2
	: 2. HAND SCRAPE ::	5.00 :	PER FT2
	: 3. LIGHT SWEEP !:	0.80 ;	PER FT2
	1 4. HEAVY SHEEP	1.35	PER FT2
	1. HP WASH 1. 2. HAND SCRAPE 1. 3. LIGHT SWEEP 1. 4. HEAVY SWEEP 1. B. WL TO DECK 1. HEAVY SWEEP	1	
	i 1. HEAVY SMEEP	1.50	PER FT2
	i C & DN/A ii	1	
	: E. COATING, K TO WL ::		,
	1 1. FURNISH & APPLY (1) COAT A.C.;; 2. FURNISH & APPLY (1) COAT A.F.;;	12,343.00	
	: 2. FURNISH & APPLY (1) COAT A.F.!!	12,916.00 1	
	F. WL TO DECK	1	
		5,401.00 :	
	: 6. MARKINGS	1,590.00 :	
		1	
5	IRENEW STANDARD ZINCS, EACH	101.00	
	1 11	1	



cargo tanks, overhauling and repairing the inert gas system, together with complying with the inspection requirements of the Regulatory and Classification Interests.

### COMMON SERVICES

The concurrency of Owners' and alleged Average repairs gives rise, in the opinion of the Undersigned, to certain services and their respective costs that may reasonably be considered necessary for the performance of all categories of repairs as follows.

Gas freeing and tank cleaning (effected by ship's crew working overtime)	\$ 30,884.00
Tugs to and from the repair facility	\$ 7,658.50
Pilot assistance to and from the repair facility	\$ 15,547.43
Pilot assistance in and out of the Columbia River Bar	\$ 6,739.39
Chemist's Gas Free Certification:	
First visit : \$ 1,040.00	
Forty-six (46) subsequent visits at \$330 per day \$ 15,180.00	
	\$ 16,220.00
Berthage and Services:	
Safe berth, 32 days at \$1,042 per day	\$ 33,344.00
Provision of gangways	\$ 2,560.00



Lineman services		\$	3,584.00
Establishment of fire protection service	\$ 896.00		`
Maintenance of fire service for fifteen (15) days	\$ 548.00	•	
		\$	1,444.00
Establishment of potable water supply	\$ 448.00		
Supply of potable water	No charge		
		\$	448.00
Establishment of compressed air	\$ 448.00		
Supply of air	No charge		
		\$	448.00
Bilge connection charge	\$ 1,170.00		
Removal of bilge water	No charge		
		\$	1,170.00
Maintenance of garbage service for full period		\$	3,840.00
Establishment of shore steam supply	\$ 896.00		
Maintenance of steam supply for forty-seven (47) days at \$270 per day	\$ 12,690.00		
		\$ 1	3,586.00
Establishment of shore power supply	\$ 1,344.00		
Supply of electric power	\$ 38,442.00		
		\$ 3	9,786.00

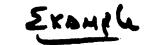




٠	Establishment of telephone connection	\$ 896.00		
	Cost of calls	\$ 550.00		
			\$	1,446.00
	Heat lamps fitting		\$	1,844.00
	Temporary protection of decks		\$	3,860.00
	Establishment of sewage connection		\$	1,120.00
	Charge for removal of sewage		\$	648.00
	Plastic materials disposal		\$	648.00
	Cranage		\$	7,965.00
	Port of Portland user fee		\$	1,787.00
Tot	al Cost of Common Services:		\$1	96,577.32

The above services were provided by Portland, Oregon, for an agreed cost of ONE HUNDRED AND NINETY-SIX THOUSAND, FIVE HUNDRED AND SEVENTY-SEVEN DOLLARS AND THIRTY-TWO CENTS (\$196,577.32), which is considered to be fair and reasonable for the services provided and does not include an overtime excess cost.

The Port of Portland user fee in the sum of \$1,787.00 is separate and non-inclusive of any of the Port of Portland user fees incurred in respect of the individual repairs.



### PAGE 1

MORTHMEST MARINE BID BURNARY WESSEL

15-Nov-91

ISSEL SUPER FRAN

BRER:

	RIEDEL										
			15 Day Payment				30 + BAY PAYMENT				
ITEM	tite	-	PRICE	• •	PRICE	•	PRICE	·! :			
!	***************************************	-::		-::		- ;		·i			
	ILABOR	::		::				•			
	A. ALL CRAFTS, JOURNEYHEN, S.T., PER HOUR	11									
	A.1 ALL CRAFTS, JOURNEYMEN, O.T., PER HOUR	::			_		_				
	B. ALL CRAFTS, SUPERVISION, S.T. PER HOUR	11									
1	B.1 ALL CRAFTS, SUPERVISION, O.T., PER HOUR	::	14			: :	15	1			
1		::		! ;		:	i	:			
1	C. SAFETY, PER DAY	::	354	::	368	:	389	:			
1	1	11	}	11	:	:	!	1			
:	B. CHEMIST, PER VISIT	::	<b>5</b> 73	;;	596	1	630	;			
:	•	::		;;	1	1	<b>!</b>	:			
: 2	IEQUIPHENT	::		11		11	}	1			
:	: A. CRANE, WITH OPERATOR & (2) RISSERS, PER (4) HOUR PERIOD	- ; ;	599	11	623	11	659	!			
:	B. OTHER AT NO COST	11		11		11	1	:			
i		##		1:		1		:			
: 3	SERVICES	1:		11		:	}	:			
:	: A. SANDBLAST DECK, PER FT2, INCD.DISPOSAL	1:	8.00	::	8.32	::	8.65	BASE	D UPDI	1000	FT2
	B. MECHAN. CLEAN DECK, PER FT2, INCLD. BISPOSAL	::				11	10.28	BASE	D UPOI	1000	FT2
	: C. FIRE PROTECTION, PER MANIFOLD	::	301	::	313	1	331	:			
	: B. GANGHAY, DN/DFF	11	<b>3</b> 63	::	378	11	399	:			
	I E. STAGING, PER UNIT	!!		11		:		:			
:	4'WIDE X 6'HIGH X 7'LONG, COMPLETE	11	601	11	625	11	661	:			
:	: F. BERTHAGE, PER FOOT	11		11	2.08	11	2.16	:			
	S. OPEN/CLOSE BOLTED MANHOLES, EACH	::	144	::	150	::	158	:			
	: N. REGASKET MANHOLES, EACH	::		::							
:	( NO MARDWARE INCLD.)	11		::		11		:			
:	I. MAIN DECK PORTABLE LIGHTS, EACH	::		::	178	::	188				
	J. IN-TANK PORTABLE LIGHTS, EACH	11									
	K. MANLIFT WITH OPERATOR, PER (B) SHIFT	11									
	L. ELECTRICITY, PER KNH	::							•		
		•				•					

# Exemple

BID S VESSE	WEST MARINE UMHARY LSUPER FRAN :RIEDEL			RATE ST RATE OT MKUP MTL MKUP SUB MKUP POPT	1 38.00 12.00 10.002 10.002 5.002	2 0.00 0.00 0.003 0.003	3 0.00 0.00 0.003 0.003	12-Nov-91	: 30 DAY =	30 + DAY	
		,		NKUP POPU	0.001	0.001	0.003	=	PAYHENT :	PAYHENT	1
ITEH	TITLE	ST MOURS	OT HOURS	MAT'L	<b>S</b> UBS	<b>P</b> 0P/7	POP/UF	PRICE	PRICE	PRICE	
1	LABOR			0	0	0	0	0	0	0	`i !
	A. ALL CRAFTS, JOUR	1	•		•		2	40	1 42 1		
ı	A.1 ALL CRAFTS, JOU	! !	1				1	13 ;			1
	B. ALL CRAFTS, SUPE	1.08					2	43			1
	B.1 ALL CRAFTS, SUP.	. 0	1.08				1	14			
٠	C. SAFETY, PER DAY	10					16	396	412	436	
	D. CHEHIST, PER VIS	 			500		23	<b>5</b> 73	1 4	630	
2	EQUIPMENT	! !						1	1 1	i	
	A. CRANE, WITH OPER					<b>30</b> 0	13	632	657	695	
	B. OTHER AT NO COST	: :								i	1
3	SERVICES	i ! !						, , , , ,		!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!	1 1
<u> </u> 	. A. SANDBLAST DECK,	!					0	8.00 ;			BASED UPON 1000 F
) 	8. MECHAN. CLEAN DE	!					0	9.50			BASED UPON 1000 F
	C. FIRE PROTECTION,	8		15			13	334			
) 	D. SANGWAY, ON/OFF					75	13				
	E. STAGING, PER UNI						0	1 1		1	i
	4'WIDE X 6'HIGH X	•		30			27	668			·
	F. BERTHAGE, PER FO					1.5	0	2.00			į
	6. OPEN/CLOSE BOLTE			2			6	160			
i	H. REGASKET MANHOLE			<b>3</b> 5			6	159	1 1	•	1
	( NO HARDWARE INC	-		25			0 8	188	1 1	1	1
! 	I. MAIN DECK PORTAB	•		25 25			14	346			1
	J. IN-TANK PORTABLE K. MANLIFT WITH OPE	•		25 10	<b>3</b> 75		31				•
 	L. ELECTRICITY, PER			10	3/3	•	31	0.10			

• ••••	•	•										
MORTH	MEST MARINE				1	2	3		5xe	ghi	العجا	-
	WHMARY			RATE ST	40.00	0.00		12-Nov-91		خبي س	•	
VESSE	LSUPER FRAN			RATE OT	12.00	0.00	0.00					
				MKUP NTL	10.001							
DUNE	RIEDEL			MKUP SUB	10.00					• 40 4 BAV		
				MKUP POPI					PAYHENT	B 30 + DAY B PAYMENT		
ITEM	TITLE	ST HOURS	OT MOURS	MAT'L	<b>SUB</b> 5	POP/T	POP/UF	PRICE	PRICE	PRICE	• <del> </del> 	
1	LABOR	 !		0	0	0	0	0	0	0		
	A. ALL CRAFTS, JOUR						2			46	!	
	A.1 ALL CRAFTS, JOU		1				1	13		14	į	
	B. ALL CRAFTS, SUPE						2		47		i	
	8.1 ALL CRAFTS, SUP	0	1.08	•			1	14	11	15 	į	
•	C. SAFETY, PER DAY	10					17	417	434	11 459		
	D. CHEMIST, PER VIS	i ! !			500		23	573	596	630	 	
2	EQUIPMENT	! !										
	A. CRANE, WITH OPER					300	14	649	675	714	į	
	B. OTHER AT NO COST	! !										
3	SERVICES											
	A. SANDBLAST DECK,						0	8.00			BASED UPON	
	B. MECHAN. CLEAN DE	•					. 0	9.50			BASED UPON	1000
	C. FIRE PROTECTION,			15			14	351			į	
	D. SANGWAY, ON/OFF					75	14	413		454	ì	
	E. STAGING, PER UNI						0	i i	i i	it	į	
	4. MIDE X 6. HICH X	•		30			28	701			i	
	F. BERTHAGE, PER FO			_		1.5	0	2.00			i	
	6. OPEN/CLOSE BOLTE			2			7	169			i	
	H. REGASKET MANHOLE			35			7	166		183	i	
	( NO HARDWARE INC	-		•			0	i	i i	i i	į	
	I. MAIN DECK PORTAB	-		25			8	196			į	
	J. IN-TANK PORTABLE			25			15	363			,	
	K. MANLIFT WITH OPE	-		10	<b>3</b> 75		31	775				
	L. ELECTRICITY, PER	i						0.10	0.10	0.10	i	

# 1- Wheel are Shafer ITEM

provide LABON, MATERIAL AND SERVIPT TO ACCOMPLIAN THE following

- A. STAGE PORT IN STOW 96-108 WHEELS IN NOTZELS purpose of TAKING READINGS, SHAFT AND WHEEL REMOVAL DIO RUBBER WORK TO BE DESCRIBED LATER
- 0 ATTACH RISSONS & ALL SOUIPT TO REMOVE Wheals DWHEY WILL WITHESS TIGHTHESS OF WHEELS Provide owner with DOCK TO OWNEY DESIGNATES WHEEL SHOP. VESSEL TO DOCK AND AFTER BY OWNER PLATURE WHEELS TO VESSEL AND REIDSTAM completion of an repairs to vessel and when ocsignation Polomoio owner auspectual THOTOS OF SHEEC MARKS

CLICE SHOP TO OWELL'S ACCOUNT

- Nozzers to be opened and our connections with owner.
- Ġ Inspect packing and Bearings with owner and resolutiones
- ų DISCONNECT SHAFTS F これるとないない Approx SHAST SIZE 11" \$ x 38' Lg. Medsuke And Record
- After INITIAL INSPECTION OF CARTIAN BRYS, STIMT DRAS ALS STEAL TUBES REMOVE SHAFTS FASA VESSEL TO DOCK. MEASURE DIO resumments are seles are chearences
- PROTECT JOURNAL AKEAS, (CEYS AND SHAFT ENDS AND RUS TO SHOP FOR LOTHE AND AGS INSPECTIONS
- ALL SHAFT WORK TO ABS AND OWNERS REDUKTMENTS
- į SET ASIDG FOR DWILL ALL TEMPLACS. Revew Replace au DESIGNATIO BY AMER AND USING OWNERS MATILS BEARINGS AND CINERS

Non PRIOR TO ANY HULL BLASTING COOTING ON BIRG, WEAR AREAS 70 BE protectes.

- After our Record and review fits with bunch. SHAFT BUILD UP ore foundamen and Machining
- TO VESSEL. Sumane owners acceptance Return SHAFTI and Deadings
- Re-INSTALL SHAFTS IN VESSEL, FITTING MEASURING AND RECOMBING BU FITS AND CONNECTIONS.
- MAKE UP POCKING AND HOROWARK AS DEOUIDED. SHAFTS and an closures, installing New
- AFTER Bemove any /am paoexes, 121991mg SHAFT WHEEL REPAIRS. TUSTALLATUL OF which som P102 C260 17 many some

consumed Sallers my donger

SHOFT ALLEY BY CHEMIST CHEBUITS AND GAS FIRE AS REQ'O AND Specifics

- 2- RUDDET THE PECTEURS AND EQUIP TO ACCOMPLISH THE Following:
  - A- I'M CONTUNCTION WITH SHAFT AND WHEEL ITEM STAGE RUDDERS LIL INSPECTIONS AND REPAIRS
  - B- Deer are county la sereme, steering comparations prior to save bown to acrow eyere/inspections of Rucoers.

    Machinery Hydrounics, Hoses, Connections, grease lines.
    - C- MESSURE AND RECORD CLEARANCES FOR DWHER.
    - D- As DIRECTED BY DWNEY RENEW REPAIR.

NOTE - WORK TO BE CO-ORDINATED WITH SHAFT ALD WHELL WORK.

- 3 SEA VALUES DUEYBARDS

  PROVIDE LABOR, MATERIAL AND EQUIPT TO ACCOMPLISH THE following:
  - A Open clean sea value screens
  - B- Open for Examination By owner and reconstruy
    Bobies SED values.
  - C- CLEAN DUT VALUES AND CONT INTERIORS. GRIND-IN,
    PACK GLANDS, REJOINT WITH NEW GASKETS, RENEW AN
    HARDWARE BOLTS AND FASTENERS
  - Note Prior to any Hou BLOSTING, CDATING ALL HULL OPENING:

# ADDITIONAL Thoughts

- Keel Coolers Test Inspect ?
  - TRANSDUCEN, FATHONETEN- INSURE NOT ON BLOCK
- ZINC INSTRUMTION IN SHIPYORD REQUIRES THAT
  INTERNAL IS OPEN AND GOS FREG
   LICE TRINKS ETT
  - · ONE OPTION IS WELD NEW ZINC TOO TO OLD ZINCTOO SOMOTIMES CHEMIST WILL OK THIS -
- ABS STATUS REPORT ON INSPECTIONS REQUIRED OF OF GIVE SHIPPOTON COTARISTURE 3E MAS MACH
- IF you have GEAR BOX, ENGINE WORK INSURG THAT YOU ARRANGE WITH YARD TO USE YOUR OWN PEOPLE ON SUBS



## FACSIMILE COVER PAGE

### STC SUBMARINE SYSTEMS

CHRISTCHURCH WAY GREENWICH LONDON SEID DAG TELEPHONE DBI 858 3291 INTERNATIONAL +44 81 858 3291 TELEX: 8950070 STCINS G

FAX: 081-2930754

DATE 10 December 1991.
PLEASE DELIVER THE FOLLOWING PAGES TO:
NAME Vicki Mallonee.
ADDRESS PORT OF PORTIONS.
FAX NUMBER 010-1-503 - 240-3080 .
FROM MIXE BARCLAY.  FAX NUMBER +(44) \$1 293 0754
MESSAGE HTC / MTC Interistand Cable Systems.
Mr C5 Crowscord has given me your name as
being someone able to help regarding transport
of Caste manufactured as our Portland Facility
for installation on the above project.
Our requierents are as follows and
l would be grateful if you Could pass on
information regarding the Pollowing
1) Détails of Companies and or Dessels will
O Details of Comparies and or Versels, with which are able to be
Converted at the port of Portland into a
Cable transportation versel for the

IF TRANSMISSION IS INTERRUPTED OR INCOMPLETE. PLEASE NOTIFY SENDER AS SOON AS POSSIBLE

Transhipment of approximately 2500 torner of Cable, in Cable tolks. The versel must be capable of Transiting / Towed to Hawaii and then onto Gram, if recessory, where the cable will be offloaded to the unstablature facility. Our preference is for a versel capable of Cable transport underdecked but other Solutions will be considered.

@ Cost of bething in the port of Portland Whilsh undergoing Consession.

3) Comparis Cap working in and around the Port of Portland above to undertake the barge Consersion into a Calde transport wessel.

18 Here are any questions Please Boit heritate to Contact of timely texpasse on three matters would be greatly appreciated.

I took forward to your response

Yours Suicoely

Mike Barby.

TO : MIKE BARCLAY

FUBSECT HTC | HTC INter ISLAND CARLE SYSTEMS
YOUR FAX DATED ID DEC 31 TO PORT OF PORTLAND

ADDITIONAL IN FORMATION REGARDING CABLE
SHIPHONT WOULD ALLOW BETTER EVALUATION
OF BARGES AVAILABLE FOR YOUR NEEDS.

- D SPECIFICS OF CABLE AS SHIPPED
  INDIVIOUAL WEIGHTS
  INDIVIDUAL SIZES LXWX HT
  C.G. IF POSSIBLE
  QUAN OF UNITS
- 2 SKETCH OF CASCE AS SHIPPING

THESE WILL ALLOW SELECTION OF BARGE,

LIFTLY EDVIPT, PROTECTION, CONVERSION

NECOS

Sinceroly.

Bus (503) 265-7557 Res (503) 789-1795



**Bruce Moyer** 

P O Box 3109 • Portland • Oregon • 97208 5555 N Channel Ave • Blag 2 • Portland • Oregon • 97217

SOUTHWEST MADINE DIVISIONS. SAN DEGO & SAN PEDRO & SAN FRANCISCO & SANCOA NORTHWEST MARKE PORTLAND ORIGINA



## FACSIMILE COVER PAGE

CHRISTCHURCH WAY
GREENWICH
LONDON SE10 DAG
TELEPHONE 081 858 3291
8NTERNATIONAL +44 B1 858 3291

TELEX: 8950070 STCINS G

FAX: 081-293 0754

DATE 12 December 1991.
PLEASE DELIVER THE FOLLOWING PAGES TO:
NAME MR BRUCE MOYER
ADDRESS North West Marine INC
FAX NUMBER 010-1 - 503 - 240 5276
FAX NUMBER +(44) 81 293 0754
MESSAGE BRUCE.
In response to your questions on your fax of.
1) The weight of Cable to be transported is approx
1400 metric tomes Split into 3 Creeks or pans
or diameter or approx 30 few. (dependant on the
borge Constitution ) and appor 61/2 foot high
The Creek Pans are to be of Steel braced
East timber Lines Constitution and are to be Constituted
on the barge.
A Tunway / gastry Turning over the tarks with
6ft Clearance to Load discharge Colde fitted with rollers.

IF TRANSMISSION IS INTERRUPTED OR INCOMPLETE.
PLEASE NOTIFY SENDER AS SOON AS POSSIBLE





The whole 8tructure is to be dismartled on hard back with an option to 8tone for later use.

Coole Gentrey

Coste (Lightweight Engine Platform.

Hope this is of use

Hours Svicerely

Mile Burelone

December 13, 1991

STC BARging Project

Breakfast with Whit Olson, Bruce Neilson

Whit is familiar with STC and has been involved in cable projects from Barge owner position before.

Brice was in charge of Riedel International Fibre Optics Cable division and has worked with STC before, Brice also has information on location of crels/pans and gantry USCG on other projects. (Home # 645 8913).

At this point I would recommend we put together package with names and resumes, port charges, NWM labor charges and barge and tug charges then present to STC.

BRICE WAS 12 Charge of Rece int. FIBRE

Brice was in change of Rieser int. FIBRE optics cashe division and has worked WISTL before, Brice auso has into on location of creeks pans and gonthy used on other projects

AT THIS POINT I would recommend WE

PUT TOGETHER PROJ. W/ NAMES & RESUMES

PORT changes, NUM LOJOR charges, AND

RANGE & Tog changes then present

STC.

Br. IN

Br. IN

BRIX

ATTACHED: CORRESPONDENCE W/STC & BRIX

### Don

December 16, 1991

### Several Things

1. Riedel is selling more stuff

Workboats, Portland and Southern California Equipment North Portland Yard 55 acres probably 2,500 - 3,000' of River frontage appraised value \$4 1/2 million. (This isn't official value, just what I was told).

2. <u>Brice Neilsen</u> -- Lunch to discuss STC Project.

Brice could perhaps act as consultant for us in chasing job, or, as advisor to person from NWM that would chase job. Perhaps an hour or two for him to come explain 'scope' of project and show video of loading phase of optics cable.

3. Meeting to go through all stuff in first for feedback, direction.

To Mike BARCLEY

SUDJUCT HTC/MTC INTERISLAND CABLE SYSTEM

MIKE - I'VE COME - UP WITH ADDITIONAL QUESTIONS SINCE MY EARLIER FAX TODAY.

- 1) Do you plan to use Tug | Barge for mansporting cable only or as cable laying platform as well?
- 2) What Type ARRANGEMENT DO YOU ENVISION FOR

  PRESTECT?

  1e will you arrange Tug (Barge, then

  have Shipyard (Northwest Marine) DO

  HODIFICATION? OR

will you want one party to Make ALL ARRANGEMENTS AS IN TURN KEY OPERATION?

- 3) Bases on Above Answers What DO YOU ENVISION

  FOR TUS / BARS + BARE BOAT Charetere

   MANNED CHARTER WITUS CREW

   LABOR FOR CABLE APEVATIONS?
- 4) I have heard this 500 was to BE BIO 18Dec 91, was bid been DECAYED?
- 5) Who will supply load Dischange Engine Plat Form? Will you provide specification for CREELS, GANTHY ETZ?
- 6) May I contact your Pontland Company for A visit to Better understand project?

  If this is DK, who would be contact?

cont'u

FINALLY - I MAY be looking AT THIS PROJECT
TO DEEP by If ALL YOU WOULD REQUIRE ARE
SHIP YARD PLATES, BERTHAGE ETC. BUT
NORTHWEST MARINE IS INTERESTED IN THIS PROJECT
IN ANY FORM, be It AS TURN-KEY OR
ONLY AS MODIFICATION CANTRACTOR,
So please if you can give ADDITIONAL
DIRECTION IT WILL be of heep.

Hrank you Brun-Moyer TO: MIKE BARCLAY

SUBJECT HTC/MTC INTERISLAND CASLESYSTEM

MIRE - AGAIN I WOULL LIKE TO REQUEST Some ADDITIONAL INFORMATION TO BETTER ALLOW RESPONSE TO YOUR 10 DEC 31 REDUCT for INFO:

- 1 Specific Time Frames of the PRESECT: (Of course these would be approx)
  - BARGE MODIFICATION

  - CABLE LOADING Departure of Tow
  - Time on JOB SITE

AT present We have contacted several Barge companies locally suo also some people Familian wITH FIBLE - OPTIC CADLE WORK

thou You Bruce Moyer Wed December 18

AM talk to Mike Barclay STC - UK answers AM Thurs

AM Talk to Bob Hassler - Brix - He will chase project and fax questions to Bob

A DIVISION OF SQUEINNEST MARKE INC.
P.D. Box 3105 • Portions • Chapter • 97202 • \$60000 Chapters Ave. • Blog 2 • Portions • Chapters



### TELECOPIER COVER LETTER

TELEFAX NO	286-1	775	DATE .	18DE	182
MESSAGE BENT TO					
AT (COMPANY)_				•	
SENDER'S NAME		Loyer			
NUMBER OF PAGE	•	· · · · · · · · · · · · · · · · · · ·	5		
REFERENCE (IF A		8 -			
			<del></del>		
••••••	•••••••		••••••	••••••	•••••
_			,		
IP YOU DID NOT R AT 503 - 285-755		e pages, please	CALL PRODUCT	ion depart	MENT
our seletax nob	er 15: 503 - 24	0 <b>–6</b> 276			
••••••		•••••••	••••••		•••••
Bos -	these Are	FAXES SE	M of h	ike Bar	clay
S.T.C	. 10 U.K.	he will ,	snsmer z	, DM e	MA
Thu	-		•		
$\overline{\lambda}$					

Southwest Marine Divisions. Ban Biego + Ban Pedro + Ban Prancisco + Banda + Bioethwest Marine, Poetrand, Deegon

# WED 18DEC AN tour to Mike Barchy STC - U.K. ANSWERS AN thur AN talk to Bos Hassler Brix - Kewill chose prosect also For Bustons to Bos SEG ATTACHED

Mon 6 Jan 92

NOT GET BENT WILL CAME SAME by 0500 (POK) THE CONTACT BOS HASSLOV BRIX - RELAY INFO

## STC PROJECT 'CLARIFICATION'

- REC'U FAX from STC 7 Jan 92 AS ATTACHEO -
- RESPONSE TO FOX NWM TO STC 7 JAN 92 AS ATTACHEU -
- follow up phone can NWM to STC 7 Jan 92 - Notes -
- (A)-STC WILL SUBMIT BID FOR PROJECT 10 Jan 92. they
  HAVE ALREADY ESTABLISHED BID NUMBER FOR THEMP
  PROPOSAL

OUR EARLIEST "BUDGET" NUMBER TO STC AS DESCRIBED IN NUM -> STC FAX WOULD BE APPRECIATED - BUT SEC WOULD THEN LIKE US TO INVESTIGATE POSSIBLE BETTER, CHEAPER, EASIER METHODS

STC SUBMARINE SYSTEMS
CHRISTCHURCHWAY
GREEN WICH LONDON SEIDDAG
PHONE (USA) OII-44-81-858-3231
FAX (USA) OII-44-81-233-0754

Mike Breclay x 3386

7 Jan 32

DEAR MIKE,

HTC/ HTC SUBMARINE CABLE TRANSPORT

COST ILBRATION THE CHORP STATIONS IS THAT YOU WOULD BEAUTIFE THE following 97AU 92 to Accom your 10 Sau 92 1910:

# 1. Tua ANO BARGE INFO

- Tug and Barge Data Sheets
- Tue suc B DAYS BARG+ for BARGE Modification and Surveys Charren Costs mage - 91 DAYS
- ۳ 2 DAYS GY SHILLIAND ONE SALLINES TO
- C) IJDES the proced com more making up the
- E) 13 DAYS o) 31 0245 for offices (case musicy for Tow AND ARRIVAL AT THANSFOR SITE
- (SUE) TETTE SYNG FO
- f) 24 days renky now
- 31 DAYS TOTAL TIME RED'O

# 2- Mooification Costs

- BERTHAGE COSTS for Modification period Wiservices
- chove sepure (was) per hour
- TRANSPORTATION / TRUCKING COST . FLAT BED TRUCK PER hour
- SHIPYARO CASOR / PER HOUR

# 6 - Misc Charges

- BUTSIDE SHIPYAND (LOCAL) CASSIST IN COSE (DOOINS) lasor changes
- (MANE) CRAFFINS SOISTED CASSIST IN CASCE THANSFEY Labor changes
- Misc Supervision (Lowe) to sisist wisners, charter REGULATING ET / PER HOUR

MIKE THE ABOVE INFORMATION IS PACKAGE WE WILL ASSEMBLE AND SUBMIT TO YOUR GREENWICH OFFICE 9 Jan 92 -

I AM WORKING WITH BRIX MARITIME - BOG HASSLER- TUG

DF course these Numbers when submitted win Be Budget Numbers, we will work to Acheive Lowest possible costs to your project (of course profitable to Both) As soon as Actual Working Specification 13 provided

IR: CRAME / TRUCKING CHARGES WOULD REDUIRE 4 HR MIN.
BUT PLANNING ACTUAL MODIFICATION COULD
MINIMIZE THESE TYPE CHARGES

I will be contacting your Mir Alex Scott for familianization only are will continue to submit all Questions
ALD COST DATA ETZ TO YOUR GREENWICH OFFICE

those You

الملك سائ

Ruce Moyer

PHOUF (USA) 503-240-6296

FAX 503-240-6296



### STC SUBMARINE SYSTEMS

CHRISTCI IURCI I WAY
GREENWICH
LONDON SE10 DAG
1ELEPHONE 081 858 3291
INTERNATIONAL +44 81 858 3291
TELEX 23687 STC GR G

7 January 1992

Mr Bruce Moyer North West Marine inc Portland Oregon

Fax Number: 010-1-503-240-6276

Dear Bruce,

### HTC/MTC Submarine Cable Transport

Many apologies for the lateness of this response I hope that this does not cause any undue inconvenience.

In answer to your specific questions :-

Specific Time Frame
These are only indications at present but our best information is as follows:

Barge Modification - 8 Sept 92 to 15 Sept 92
Cable Loading - 17 Sept 92 to 29 Sept 92
Cable Transfer - 29 Oct 92 to 10 November 92
Total Required Time - 91 Days

- 1. Tug/Barge is to be used for cable transport only.
- 2. STC is looking for the most cost effective method of cable transportation. This may take the form of either a turnkey operation or STC arranging the Tug/Barge.
- 3. We would be looking for a manned charter with Tug crew and an optional cost for manual labour during cable operations.
- 4. The Bid is due to our purchaser 10 January 1992.

It is our intention to fully investigate all avenues for cable transport not just those specifically associated with MTC/HTC, for which the method of Transport of cable has not been finalised as yet. Any information received at this juncture will be of great assistance in the preparation of final solutions for MTC/HTC, and will aid us during the preparation of bids for cable installations in the Pacific area, of which it is anticipated there will be numerous during 1992.



ncrifickn telecom Europe Lumted REGisteret in England no 1750343 REGistered Office 18 Portland Race Combon with Jaa

- 5. The Load Discharge engine Platform is to be provided by STC who will also provide the specifications for the cable creels and Gantry etc.
- 6. Mr Alex Scott at our Portland site may be willing to meet you in order that a better understanding of MTC/HTC and may be gained but the specifications and requirements for this project and others, where a cost effective transport for a modular installation is required will come from our Greenwich office at this time.

Yours Sincerely

Mike Barclay



### FAX TRANSMITTAL

DATE:		TIME:		NO. PAGES: _	1
T O:	John J.	O'Donnell	FAX:		
	North We	st Marine	РН;		
CITY:	Portland	-	STATE:	ZIP:_	-
		^^^^			
FRC	OM:	HARRY CAMPBELL Director of Engineering	FAX:	PH: (808) 521-6 (808) 521-3901	0384
^^^^		^^^^^			
Jo	hn:				
sp	are parts	gned the care and to Cascade Genera	1. As a res		
P1	ease allow	W Cascade to remove	e the variou	s items for	relocation

Marry Campbell

Director of Engineering

HC:jab

Thanks



June 29, 1992

William H. Zavin II Senior Vice President NORTHWEST MARINE, INC. P.O. Box 3109 Portland, Oregon 97208

RE: SS INDEPENDENCE

H.P. Turbine Forward Journal Bearing Overheating

Dear Mr. Scroggin:

American Hawaii Cruises hereby puts Northwest Marine, Inc. on notice that a defect in the SS Independence H.P. turbine forward journal bearing was noted on June 17, 1992. Work on the H.P. turbine was performed at Northwest Marine during the period the SS Independence was under repair at your yard between January 10 and January 26, 1991.

American Hawaii Cruises may hold Northwest Marine, Inc. responsible for all costs of future repairs and consequential damages as a result of the recently discovered defect in the affected turbine unit.

This company will report the results of the impending survey on the forward journal bearing as soon as such report is available.

Thank you for your attention to this matter.

Sincerely,

Arthur P. Herman

when P. Herman

Staff Counsel

APH:dm

6 april 1995

JO: Carl Hanson

From: Duch Camacho

Suby: SS Independence Drydocking

1. Ottached are the original and one copy of the contract for drydock work on Independent at Swm SF. I have compared this contract with the draft that we accepted when we bid on this Joh. They have corrected some clerical errors and have modified a paragraphs which we grow ourly agreed to these are:

# 4.(C) a new paragraph, allows for payment by insurance under writers (takes care of turbine repairs)

P 6.(c) uncreases the state from \$32/Rr to 34/Rr for changes.

7. They made a derical errors in typing this version of the Contract. They omitted IP 8.(b) iii which previously directed us to Cancell Subcontracts related to their Notice of Cancellation and they omitted a phrase out of paragraph 12. These are obvious errors. I will advise Terry White to bring the corrected pages with heir when he visits 5.F. on 8 april.

Corries to: 72.10 72.



MCE257-92

March 27, 1992

Mr. Dick Camacho Southwest Marine Foot of Sampson Street P. O. Box 13308 San Diego, California 92113-0308

Dear Mr. Camacho:

A copy of our contract for the drydocking of the SS INDEPENDENCE is enclosed for your review. As you will note we will require a revised copy of the itemized list of drydock items to correspond to the new bid for the contract amount of \$1,800,000.

As you will note also in accordance with our discussion, we have included a paragraph in Article 4 (c) relating to the payment terms for the insurance related turbine work.

Please have both copies of the contract executed, enclose the revised list of items and prices therefore, and return them to us for signature. A signed original will be returned for your records.

Thank you again for your bid we look forward to a successful docking at Southwest Marine.

Very Type y Yours,

R. E. White Vice President Marine Operations

REW/mce

cc: P. Bianchi

### **AMERICAN HAWAII CRUISES**

SS INDEPENDENCE

May 1992

**DRYDOCK CONTRACT** 

THIS CONTRACT made and entered into this \_\_\_\_\_ day of 1992, and between AMERICAN HAWAII CRUISES with its principal offices located at 550 Kearny Street, San Francisco, California 94108 (hereinafter "A.H.C."), and SOUTHWEST MARINE, INC. with offices located at Foot of 20th Street, P. O. Box 7644 San Francisco, California 94120. (hereinafter "Contractor").

WHEREAS, American Hawaii Cruises desires to contract for the repair and/or modification of the passenger vessel S.S. INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of American Hawaii Cruises, and applicable government regulations, (hereinafter the "Regulations") and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modification work at San Francisco, California.

NOW, THEREFORE, in consideration of the mutual and dependent covenants contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

ARTICLE 1 - Scope of Work

- (a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor on May 14, 1992, at the Contractor's shippard at the San Francisco Ship Repair Facility, San Francisco, California. Any delay beyond the date stated above shall not automatically extend the Redelivery Date (as defined below); however, in such event the scope of work is to be adjusted pursuant to Articles 6 and/or 8 in order to maintain the Redelivery Date.
- (b) Modification and/or repair work shall be in strict accordance with the specifications attached hereto as Exhibit A (hereinafter the "Specifications", and hereby incorporated into and made a part of this Contract) the rules and regulations of the Classification Society and the Regulations. The Contractor shall do everything agreed to by the Contractor or required of the Contractor pursuant to the terms of this Contract and the Specifications, the performance of any work authorized under Article 6 and the installation of any outfitting and equipment, which the Specifications provide shall be furnished by the Contractor (all of which shall be referred to as the "Contract Work"), all for the Total Contract Price (as defined in Article 3).
- (c) It is understood that, except for those items listed as Owner Furnished Equipment in Exhibit B attached hereto, (hereinafter the "Owner Furnished Equipment") the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.
- (d) The contract work shall be commenced after the Vessel is delivered to its work berth or drydock in a Gas Free condition,

"Safe for Men, Safe for Fire", Marine Chemist to be provided by shippard to test and certify for "Gas Free" environment and shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations under this Contract, including labor, materials, supplies and equipment necessary for the completion of the Contract Work.

- (e) Redelivery Date. The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.
- No modification or amendment shall be made to the Specifications, (f) except by written Change Order pursuant to Article 6. Any details of sizes and materials given in the specifications are for Contractor's guidance and estimating purposes only and are reasonably accurate. However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provided, however, that if the particulars and dimensions and quantities vary by 20%, Contractor and A.H.C. shall reflect those changes in a written Change Order to reflect the accuracy of the scope of work with modification for Redelivery Date, if required, and agreed to by the parties. It is further understood that a penalty of One Million Five Hundred Thousand Dollars (\$1,500,000), will be payable to A.H.C. in the event a failure to deliver on the Redelivery Date, as may be modified by Change Order. The Redelivery Date is set at midnight (2400 hours) the 4th day of June 1992 (Pacific Standard Time).

ARTICLE 2 - Specifications and Other Requirements

- (a) The approval of all agencies charged with enforcing the Regulations (said agencies to be referred to hereafter as the "Agencies") will be obtained by Contractor so that the Vessel will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Society and the Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good ship building practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed Vessel will conform to the intended design required.

ARTICLE 3 - Total Contract Price

A.H.C. Agrees to pay Contractor the following fixed sum as the Total Contract Price for the basic contract work in compliance with this Contract.

Total Contract Price is estimated to be approximately \$ 1,800,000 U.S. Dollars.

The total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

### ARTICLE 4 - Terms of Payment

- (a) Except for payment for changes authorized pursuant to Article 6, and payments outlined in Paragraph (c) below A.H.C. shall pay Contractor for the Contract Work to be performed hereunder the Total Contract Price set forth above in the following manner:
  - 25% of the original bid price on Redelivery as defined in Article 1 (f).
  - 25% of the original bid price, 30 days after redelivery.
  - The remaining mutually agreed balance 60 days after the redelivery of the Vessel.
- (b) All payments for changes above referred to shall be made in U.S. dollars and paid by wire transfer to Contractor's Bank and account. Where costs of changes are subsequently quoted, payment thereof shall be made in the same manner.
- Payment for Item 500 of the specifications shall be made as follows on or before August 1, 1992, payment will be made to Southwest Marine by various insurance underwriters. In the event that payments have not been received in accordance with the previous sentence, then A.H.C. will advance all remaining amounts owed Southwest Marine August 1, 1992. If any funds are received by Southwest Marine after advances shall have been made by A.H.C. to Southwest Marine in accordance with the previous sentence, then, to the extent that total funds received by Southwest Marine in accordance with this subparagraph shall have exceeded the total amount of insurance and repairs then Southwest Marine shall immediately pay such excess to American Hawaii Southwest Marine agrees to preserve its claim against the underwriters after the advance of funds by A.H.C. referenced above in order to effect the reimbursement to A.H.C. contemplated above.

### ARTICLE 5 - Inspection

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- (b) Contractor shall give notice to the Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right,

but not the obligation to inspect, approve or reject the work at that time. In the event that A.H.C. does inspect the work, the A.H.C. representative(s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be required to demonstrate that such defects have been corrected.

(c) If Contractor refuses to correct any such defects or perform any such additional tests or inspections requests by A.H.C. or if Contractor refuses to carry out any requested of A.H.C. on the ground that the request of A.H.C. constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. immediately in writing in no more than two (2) days following request.

In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a change order request pursuant to Article 6 setting forth the manner in which it feels this Contract and the Specifications must be modified to have the work performed, modified or corrected as requested by A.H.C., A.H.C. shall immediately: (i) authorize the change order; (ii) withdraw its objection; (iii) direct Contractor to proceed with the work directed by A.H.C.; cost of such work to be negotiated within 21 days after Vessel's departure.

- (d) Acceptance or failure to object to any materials or work by any of its obligations under this Contract or the Specifications: Defects appearing in any stage of the work shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1 (e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60 days of the redelivery date.

ARTICLE 6 - Changes

(a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any other changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.

- A.H.C. shall be at liberty at any time to request alterations, (b) additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. representative (R. E. "Terry" White ONLY) at the shipyard shall be authorized to delete, alter or amend or change any item contained in the Specifications. A.H.C. will not accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations and no work shall be undertaken unless Contractor's fixed price has been approved in writing by A.H.C.'s authorized representative and must not affect the Redelivery of the Vessel. Contractor must immediately advise A.H.C. in writing, of any addition, deletion, alteration or change which may result in an extension of the Redelivery Date of the Vessel. No addition, deletion, alteration or change which may result in an extension of the Redelivery Date may be undertaken of effected without the prior written consent of Mr. R. E. White.
- (c) Contractor agrees that any work authorized in addition to the basic contract will be invoiced at a labor rate not to exceed \$34.00 per man hour.

### ARTICLE 7 - Indemnities

- (a) Contractor hereby agrees to indemnify, hold harmless and defends A.H.C., its employees, officers, agents and vessels, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury or damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.
- (b) Contractor, at its own expense, will pay all employee taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and all such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment,

materials, machinery or methods employed therein by Contractor.

(d) Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgment rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally determined, it being stipulated that all obligations for indemnity assume herein by Contractor shall survive the termination of this Contract, regardless of how such termination be effected. Contractor shall have the control of the defense and settlement of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

ARTICLE 8 - Cancellation

**建筑设施设施** (1986年)

- (a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be canceled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is cancelled, and the date upon which such cancellation becomes effective.
- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - (i) stop work under the Contract on the date and to the extent specified in the Notice of such Cancellation;
  - (ii) place no further order or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work to restore that under the Contract as may not be cancelled;
  - (iv) settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - (v) to the extent, in the manner and at the time directed by A.H.C., transfer title and deliver (A) the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of the work cancelled by the Notice of Cancellation, and (B) the completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
    (vi) complete performance of such part of the work as shall
  - (vi) complete performance of such part of the work as shall not have been canceled by the Notice of Cancellation;

and

(vii) take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.

ARTICLE 9 - Old Materials

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wished to retain, all old materials removed from the Vessel during the work shall remain Contractor's property upon Redelivery.

ARTICLE 10 - Insurance

- (a) Contractor shall maintain at Contractor's expense during the term of this Contract insurance in the amount of Ten Million U.S. Dollars (\$10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.
- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, naming A.H.C. as an additional insured and evidencing that satisfactory coverage of types set forth above are in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. Said certificate shall provide that the Insurer or Insurers have waived and do waive any rights of subrogation which it or they have against A.H.C.
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C.

ARTICLE 11 - Force Majeure

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor give notice to A.H.C. of the occurrence of any of the above described events within on (1) day of its occurrence, takes all steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.) and that Contractor give

notice of the extent of the delay to which it claims it is entitled within one (1) day after the condition which has caused it has terminated.

### ARTICLE 12 - Title

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price.

Contractor shall promptly pay all indebtedness for labor, materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver to A.H.C. a full release of liens for such indebtedness with affidavit to show that all bills for labor, materials, tools, equipment, etc., incurred in the work have been paid prior to the final payment. Contractor shall not permit any such lien or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. If Contractor does not act with sufficient promptness to avoid harm to A.H.C., A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C.

### ARTICLE 13 - Assignment of Agreement

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assignees and shall be binding upon Contractor and A.H.C. and their successors and assignees; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Total Contract Price (as it may be modified pursuant to the terms of this Contract) will be paid.

### ARTICLE 14 - Appointment of A.H.C.'s Representative(s)

Authority to give direction, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advises except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C. Representative" within the

terms of this Contract until his designation to act as such shall be revoked.

### ARTICLE 15 - Computation of Time

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and Holidays.

### ARTICLE 16 - Identification

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the vessel.

### ARTICLE 17 - No Third Party Beneficiaries

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

### ARTICLE 18 - Joint Provisions

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expresses the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid, illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article Leadings are for identification purposes only.

### ARTICLE 19 - Notices

Any notice under this Contract shall be in writing or telex addressed to the following representatives:

For A.H.C.
Peter Bianchi, Sr. V.P.
Operations
-or-

R. E. (Terry) White, V.P. Marine Operations 604 Fort Street Honolulu, Hawaii 96813

For Southwest Marine
D. Carl Hanson
Sr. Vice President, General Manager
Foot of 20th Street
P.O. Box 7644
San Francisco, CA 94120

ARTICLE 20 - Law

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the maritime laws of the United States.

ARTICLE 21 - Venue

A.H.C. an Contractor hereby agree that venue for the settlement of nay and every claim, dispute, difference, or question arising out of or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

ARTICLE 22 - Unit Pricing for Changes of Cancellation

Anything else in this Contract notwithstanding the agreed cost of all agreed changes and the value of all canceled work shall be based upon the prices set forth in the contractor's bid attached hereto. Said prices are for the purposes of valuation of agreed changes and cancellation only.

AMERICAN HAWAII CRUISES

REW: mce

SOUTHWEST MARINE

By:		Ву:	
• -	PETER BIANCHI Senior Vice President Operations	- <b>-</b> -	D. Carl Hanson Sr. Vice President, General Manager
Ву:_	R. E. WHITE Vice President Marine Operations		

10

FAX MESSAGE

FAX NO. (619) 238-8139



TO		DATE3	3-26-92		ing Address: P.O. Box 13308		
FIRM OR LOCATION	NWM		·		San Diego, CA 92170-3308		
	Portland			S	hipping Address: Foot of Sampson St.		
FAX NO.	503-240-60	200			San Diego, ČA 92170-3308		
ATTENTION	Bill Zavin						
		•					
FROM					NUMBER OF PAGES INCLUDING COVER SHEET		
NAME	Dick Canach	9			_2_		
TELE#	(619) 238-1000	Ε	XT. 2460				
		<del></del>		J			
COMME	NTS						
		······································					
RECEIPT CONFIRMED?							

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

SI019708

CORPORATE HEADQUARTERS
Foot of Sampson Street • P.O. Box 13308 • San Diego • California • 92170-3308
(619) 238-1000 • TwX: 910-335-1167 SWM SDG • FAX (619) 238-0934



### **MEMORANDUM**

TO: Carl Hanson

FROM: Dick Camacho

DATE: March 26, 1992

SUBJECT: Drydocking of INDEPENDENCE

- 1. Following our discussions yesterday we talked to Peter Bianchi of American Hawaii Cruises concerning the drydocking of INDEPENDENCE. Bianchi has agreed to divert INDEPENDENCE from Portland to SWM San Francisco. In order to do this, he will need the following.
  - a. Please send him a revised bid offer similar to the attached letter which Bill Johnston provided (just confirms your revised offer of \$1.8M).
  - b. Please send him the names of some local hotels that his people can contact to get rooms for the crew and the ship's officers. Also send him the name of a transportation company so he can arrange for bus service and the names of some caterers so he can arrange for meals.
- 2. The American Hawaii Cruise telephone number is (808) 521-0384. Their fax number is (808) 521-3901.

cc: Herb Engel Bill Zavin

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . BAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

#### DRAFT



November 26, 1991

Peter Bianchi Senior Vice President American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

#### Dear Peter:

Attached to this letter is a proposal which outlines an approach to Negotiated Procurement between American Hawaii Cruises and Southwest Marine. For a number of years I have tried to describe to you and your company the merits of utilizing Negotiated Pre-Source Procurements for ongoing ship maintenance work. As a contractor competing for your work, our company has seen areas where we believe we could improve our service to you. If we are to attain these improved levels of performance, it is necessary to modify our approach to planning and scheduling the work. We feel it would be both appropriate and desirable to modify the contract under which we execute the work.

The ongoing series of discussions which you and others have had with Dick Camacho and myself prompted us to commit to writing the concepts which are embodied in our proposal.

Based on our experiences with other ship operators, we have refined an approach to Negotiated Procurement for shipyard work which we would like to share with you. You are well aware of the shrinkage in the size of the market we serve. Even though our market is smaller than it used to be, we have chosen to serve a few customers and serve them very well. By following this business plan, we will optimize our utilization of resources and reduce our cost for the delivery of shipyard services. Our company is structured to achieve this objective in all four of our West Coast network facilities.

Our experiences of the last decade have shown that well planned Negotiated Procurements can be far less costly to a ship operator than standard arms length competitive bids. We recognize that there are many shipyards who would like to provide the type of service we are suggesting. These ship operators knew our competitors and were not captives to us by contract. They have chosen to stay with us under this concept because we deliver to them the quality and timeliness they require at the lowest available effective cost. If we should fail to perform, other contractors could very easily take the work away from us. Our range of experience with this type of Negotiated Procurement includes cruise ship lines, U.S. Navy vessels and of course, U.S. flag tanker operators.

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

America Hawaii Cruises November 26, 1991 Page 2

The program we describe in the attached proposal puts you, your company and your vessels in a special preeminent position in our company's business plan. Your projects get first call on our key personnel and facilities. We build special teams to work on an ongoing basis with your organization. Together your company and ours designate who will lead these teams. The people we choose are committed to you when and where you need them. As the relationship builds, these people develop a strong affinity for the needs and the goals your organization establishes. Our team members become as committed to your success as do your own people. Here familiarity breeds success. Each success paves the way to more successes and higher expectations from all parties. Less than critical acclaim from senior management becomes unacceptable.

In the relationships which we currently have in place, our commitments to one another have spanned many projects. It is frequently difficult for an outside observer to distinguish between customer personnel and contractor personnel. This is because they are both so committed to the successful completion of the tasks at hand. They work together toward those mutually defined objectives, never against each other. Everyone pulls on the same rope in the same direction.

On many occasions, senior production personnel are sent out to customer vessels to perform work while the vessel is underway, generating revenue for the owner. These people use the opportunity not only to accomplish repair work that doesn't require yard time, but also to become better acquainted with the ship, its crew and operating systems. This familiarity continues to enhance our performance level during scheduled yard periods. The knowledge gained during yard periods frequently gives rise to opportunities to do this type of work while the vessel is underway. Each type of work tends to improve the utility of the other.

The management focus given by our company to these specially built relationships gets attention at all levels of our company. The commitment to this focus is made by both the Chief Executive Officer and the Chief Operating Officer. This dedication is shared from other senior management all the way down to the newest apprentice on the deck plates. This focus and commitment by management covers all the resources of our company. As the size of our market has declined, so has the number of highly qualified personnel who service these markets. Customers who form these special relationships with our company are positively assured of the availability and identification of these resources. Our company believes that by building this type of relationship we can most effectively employ, fully utilize and assure the future of the resources we have.

The approach we take minimizes our cost to perform your work. The number of hours required to give you the end product is dramatically reduced.

American Hawaii Cruises November 26, 1991 Page 3

We strive to this smaller number of hours for two major reasons:

First, we can plan and schedule our work load and resource commitments well in advance. As a result we have fewer gaps in our production schedule which we must fill in competitive markets for scarce work. A fully projected workload allows us to justify even higher levels of capital spending which will further reduce the number of hours required to complete our work.

Second, there is minimal if any unplanned work during the performance period. This allows us the opportunity for extremely effective planning and scheduling of the jobs. It also allows us to avoid the always uncomfortable discussions surrounding the justification for the additional cost of unplanned work. As you know, these costs are always higher than the cost to perform similar work which has been planned, prefabricated when possible, and properly scheduled. In addition, we are never able to fully recover all the costs we incur for emergent work.

We all win when we lower your cost.

We feel you have little to lose and much to gain by studying our proposal and entering into substantive discussions with us. These working sessions will allow us to formulate a mutually acceptable approach to test the concepts on American Hawaii ships and prove their merits. Our 4,000 plus person network of shipyards stands prepared to serve you. We want to give you the benefit of the knowledge, experience and training we have gained achieving top notch results in this mode of business operation. We want to sell ourselves to you with each job.

Yours very truly,

William H. Zavin, II Senior Vice President Commercial Contracting Activities

#### **SUMMARY**

Our intent with the attached proposal is to outline a framework for initial discussions leading to an experiment conducted by our two companies. The purpose of this experiment would be to refine and tailor a process through which we might negotiate future procurements for planned work packages on American Hawaii Cruises' vessels. This process would exploit the knowledge and experience gained in many ventures by both of our companies. The Southwest Marine network has considerable experience in planned maintenance on sea going vessels. American Hawaii Cruises is the premier domestic operating fleet in the Jones Act cruise trade.

The primary tool employed in this experiment will be advanced planning. Perfection of this phase of the repair cycle by our two companies will pay maximum dividends to all. Enhancing critical feedback mechanisms under our jointly designed system will allow us to precisely define work to be accomplished and specific plans for execution.

Our process for Negotiated Procurement commences when we receive an initial outline of the basic work scope to be undertaken on the vessel. This outline is usually provided by the ship operator's technical department. The initial outline of the statement of work is generally accompanied by a financial budget based on both a historical perspective for similar types of work and the funds anticipated to be available. Generally the vessel's operating schedule accompanies the statement of work.

The next step undertaken is ours. We perform an internal review of the work package and develop our own projected budget cost for the work as described. The next step in the Negotiated Procurement process is a series of meetings where each side familiarizes the other with their thoughts on how best to approach the work package. After this "brainstorming" phase, we generally begin a series of vessel surveys and ship checks. Key personnel from both elements of the team participate jointly in this phase. After these surveys are completed, together we refine our collective approach to the project and determine the best avenues to minimize out of service time and cost.

After the reviews have been completed and a mutually agreeable statement of work is negotiated, additional surveys are done to assure both parties that we have successfully trimmed the schedule and the price. At this point we proceed to detailed planning and scheduling.

This detailed work includes long lead material procurement, manpower planning and facility scheduling, as well as further cost reviews. A significant effort is made at this point to plan to the required detail and to assure all parties that our statement of work is truly complete and all contingency preparations are made.

A major check point here is to see that we utilize as much prefabrication and plan for the most effective utilization of shop facilities during the yard period. Our significant investment in facilities and equipment complements our skilled trade reservoir, to take full advantage of the economies allowed with the mechanical advantage and production efficiency of our shops. A planned shop repair task requires considerably less hours than one performed in place on the ship.

We next perform the work as scheduled. At the completion of the work, we conduct a mutual Lessons Learned meeting. The Lessons Learned process gives great insight as to how we might re-posture ourselves to do even better on ensuing projects.

One of our most effective planning tools is Lessons Learned from previous projects. We always attempt to incorporate previous Lessons Learned into each project plan and schedule. Since this would be a new type of undertaking between our companies, we feel the Lessons Learned for our first joint endeavor will have special value and meaning. On that basis we are proposing a two ship package experiment to you. We are confident you will be very pleased with the first vessel. We are just as confident the second effort after our Lessons Learned process will be even better.

#### **PROPOSAL**

In preparation for the first vessel availability, a contractor organization chart is jointly prepared by the two companies. Southwest Marine will select a Program Manager for negotiated procurements with American Hawaii Cruises. This selection will of course be done in concert with American Hawaii Cruises. The Program Manager and American Hawaii Cruises will together develop a roster of key players whose availability will be assured for your projects. These people include but are not necessarily limited to a Program Planning Coordinator, several Commercial Account Managers, Project Ship Superintendents, a Senior Estimator, and a Naval Architect/Engineering Services Coordinator.

The personnel agreed upon in the joint discussions will be available to Exxon Shipping for their availabilities in each of our four West Coast facilities. While it is our intent to increase mutual familiarity and knowledge with these teaming designations, we are not in any way precluding specific production supervision designation by the teams.

The first vessel event commences when Southwest Marine receives the basic work outline from American Hawaii Cruises. Along with this initial description of work to be performed, American Hawaii will submit an availability schedule and estimated budget. Southwest Marine will undertake a review of the work package and develop its best view of the schedule and cost. After this review is complete, the initial meeting between the American Hawaii Cruises and Southwest Marine Project Management Teams takes place.

At the first meeting, Southwest Marine's team will present their initial concept of how best to plan, schedule and describe the project. Various approaches and trade offs as appropriate will be described in a planning method agreed upon in advance. An initial series of events will be submitted in written form by Southwest Marine at that gathering. This schedule along with its inherent unknowns would normally be the basis for the first negotiating sessions.

At this planning session, there will be general discussions of material types and sources, potential subcontractor selections, facility designation and decisions on key personnel. The dialogue of give and take on work scheduling and critical path designation begins in this session. The first review of the work package for areas of potential growth is on the agenda.

In each session, particular attention is paid to areas of potential difficulty in the work place when the actual project begins. Careful attention to Total Quality Management practices at the outset will help us minimize and hopefully eliminate unplanned growth during the work period. At this planning session we will utilize Lessons Learned from previous availabilities on American Hawaii work as well as drawing from experience we have each gained on other projects.

The tone for all subsequent gatherings is set at this initial meeting. Each group commits to mutual success. Neither party lays in wait for the other. The commitment to mutual success precludes gamesmanship in any form. The final specific element of this meeting is scheduling of the first survey or ship check to be performed by the two teams.

This ship check, when accomplished, is an integral key to the continual evolution of the description of the work to be performed during the yard period. This ship check allows both elements of the team to confirm, deny or modify their initial views of the work package. By the completion of the first inspection period, each party is far better prepared for the next work session as the work description is evolved.

At the second work session, the results of the ship checks are considered in the evolution of the statement of work. At this session, decisions are made about prefabrication, long lead material procurement, (if necessary), further development of the actual work scheduling, and the final updating of work drawings for the project. We are now prepared to write the actual production schedule for the work.

Our production schedule begins with the development of a planning network for the project. After we have completed the first draft of this network, we each review and refine it until it is acceptable to both parties. Once we have agreement in principle on this network, the meeting is concluded. The next step in the process is ours.

Our company's Project Team develops and refines the planning network and tests it for feasibility. We reprice the project based on the completed network. We then begin to prepare the plan at the operational level on a day by day basis. This micro level planning tests the macro level plan to assure its workability. During the operational planning, we continue our attempts to reduce cost and schedule. Redundancies become apparent, and areas where unplanned events may occur are thoroughly evaluated. Potential contingency plans are developed at this point of our planning process. After these micro plans are tested against the agreed planning network, we submit our findings to you. The necessary recommendations for revision are reviewed by you and discussed between the parties. After this stage is completed, we do additional surveying to test the validity of our revisions and contingency plans.

The next phase in our mutual planning process is to meet after the second series of surveys have been completed. The final decisions relative to special long lead material procurement, prefabrication and special planning activities are made at this meeting. Once the final decisions are made, the plan and schedule are implemented as agreed. Material ordering begins, subcontractors are employed, final schedules are produced and prefabrication commences. Diligent attention is continuously directed to minimizing out of service time and schedule contingencies. We again affirm that we are making maximum use of our shop capabilities and human resources.

The planning evolutions and prefabricating activities are undertaken as agreed. The work period begins. The project is closely monitored, progress is evaluated and reevaluated under Total Quality Management concepts. When the project physically completes, we move to the next phase, Lessons Learned.

Lessons Learned then becomes our next planning tool. Before the joint project teams depart the project site, we do a thorough debriefing in joint session, which includes all interested parties. These documented lessons are then used to enhance the above outlined process for the next work event. With the lessons of the first event in mind, the process of planning the second event is even more effective than the first. It is our intent to keep the Project Teams intact at all possible levels.

We will have improved knowledge of how best to assign responsibilities between the teams and team members for the second vessel event. The ability to plan the next availability and the potential for a continuum of business will drive our organization to continuously higher levels of productivity and cost effectiveness. As the teams become more familiar with each other, we will continue to refine communication channels. We will further define and upgrade the placement of specific project responsibilities. Through the process we will also be able to determine which facilities in our network will be the most effective for each type of work on American Hawaii ships.

### ATTACHMENT I. COSTING

We suggest that we utilize the budgets we negotiate for the refined work packages as firm fixed price amounts. The degree of definition we are able to generate during the planning/negotiating process allows us to establish a mutually agreed upon lump sum for the work to be performed. The contingency planning enables us to keep emergent work to an extremely low level. If an unscheduled event presents itself, we hope to be able to agree in advance on its cost to perform. We should establish some rates to use should an unplanned event arise which can't be immediately quantified.

We anticipate developing payment schedules during the budgeting process.

## ATTACHMENT II. ORGANIZATIONAL RESPONSIBILITIES

The attached chart outlines the flow of responsibilities of the Southwest Marine Project Management Teams for American Hawaii Cruises' program. The individual responsibilities are as follows:

#### CHIEF OPERATING OFFICER

The Chief Operating Officer is responsible to American Hawaii Cruises to assure Southwest Marine's full dedication to the success of American Hawaii's Negotiated Procurement program. He will assure that the Division General Manager and American Hawaii's Program Manager place the proper emphasis on America Hawaii's requirements. He will assure that whatever resources are required are made available to the teams to assure success in all facets of the business relationship.

#### **DIVISION GENERAL MANAGER**

Once we have selected a facility for a project, its Division Senior Vice President and General Manager assumes responsibility for the outcome of the project. He oversees the activity of the American Hawaii Program Manager and the Project Team to assure operational success, cost effectiveness and schedule adherence.

### PROGRAM MANAGER

The Program Manager is responsible to the General Manager and is the primary ongoing contact between Southwest Marine and American Hawaii Cruises. He will direct all efforts required for all elements of each project to be successful. The Project Management organization he leads for this work will oversee planning, financial negotiations, material procurement and production control. He will move from facility to facility as necessary to lead American Hawaii Cruises' projects to successful completion.

#### PROGRAM PLANNING COORDINATOR

The Planning Coordinator is responsible to the Program Manager for accurate and timely planning and scheduling. This responsibility includes specification review and planning network development. This person will interact regularly and frequently with his counterpart at American Hawaii Cruises. He will draw on both corporate and division planning department resources to accomplish his tasks.

#### COMMERCIAL ACCOUNT MANAGER

This person will be involved in the day to day coordination for each project. His responsibility will be financial, administrative and operational. In addition to these responsibilities he acts as an Assistant Project Manager when the scope of the project warrants.

#### PROJECT SHIP SUPERINTENDENT

This person responds to the Program Manager and Commercial Account Managers for the timeliness, quality and cost effectiveness of the project production effort. This person is responsible for all aspects of production integrity on the project. He interfaces with Craft Superintendents and Project Foremen to assure the adequate but judicious use of personnel. He assures all parties that materials as required and planned prefabrications are ready as per schedule. He oversees schedule adherence and the identification of problem areas during the availability.

### SENIOR ESTIMATOR

The Senior Estimator oversees and is involved in the efforts of pricing and planning the initial scope of work. This person will also be active during the project gathering information for future work and also preparing estimates for emergent work if necessary.

#### NAVAL ARCHITECT/ENGINEERING COORDINATOR

Responsibilities include the review of all Owner furnished drawings for American Hawaii's work. When necessary he will either prepare or oversee the preparation of design documents necessary to the execution of the work package. He will be the primary contact with American Hawaii's engineering departments.



# **MEMORANDUM**

To:

Bill Zavin

From:

nsmelo⊅\mi∕t

Date:

Apt 1 1, 1991

Subject:

American Hawaii Cruises (AHC)

A couple of thoughts on why we can provide AHC valuable service. AHC's current practice is to create a budget, develop a work list based on insufficient knowledge of work scope... bid the job competitively.... hope the price is right and then when ship arrives and yard points out what the <u>real scope</u> is, cancel 40% of work to accomplish mandatory work. This self defeating approach can only create future problems on the Regulatory Bodies focus on these two (2) ships that are forty plus years. Failure to define the full scope up front will eventually cause them to lose a cruise sailing because the shipyard may just not have enough time to react to the massive steel or pipe changes identified after ship arrival. Witness the INDEPENDENCE January availability.

## Solutions:

Early, fully identified and prioritized work scope will benefit AHC by:

- Scheduling realistic yard durations based on known mandatory work.
- Establishing priorities of mandatory work such that Regulatory Bodies will see AHC is acting in good faith.
- Realistic schedules and scope reduce yard durations and in the long term overall costs.
- 4) Ability to prefabricate pipe/steel work allows yard and AHC to be prepared for surprises if they occur.
- 5) A more realistic maintenance budget is established early on.

#### How To Accomplish:

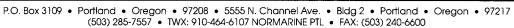
A phased maintenance approach by NWM for AHC would satisfy the How To:

o AHC does not increase staffing.

Bill Zavin American Hawaii Cruises Page two (2)

### How To Accomplish: (Cont.)

- o NWM provides the Engineering, work scope and durations based on yard shipchecks well in advance of ship arrival.
- o NWM provides reduced costs by having AHC availability well defined before vessel arrives. Prefab is accomplished.
- o By having an AHC Project Manager, NWM is but a phone call away when support is needed on an urgent basis. The continuity of effort is maintained.
- o NWM would adjust our other work load to ensure we have the "A" team available for AHC shipyard availabilities.







TO:

Jim Coleman

Hardy Scroggin

John O'Donnell Doug Taylor,

FROM:

Bill Zavin

DATE:

March 29, 1991

**SUBJECT:** 

American Hawaii Cruises

Please contact me at your very earliest convenience regarding a proposal that I wish to submit to American Hawaii Cruises. This proposal is to try and use a West coast Shipping approach as a trial on the upcoming CONSTITUTION overhaul.

You do not need to write this down, (I would appreciate very much any notes you could leave with me if you want to prepare them, or if you have them) but please come see me armed with your thoughts in the form of lessons learned from the recent INDEPENDENCE availability.

It will be my hope to use your thoughts to demonstrate to them how they can save a lot of money ont he upcoming project by giving us the project now as opposed to developing their own work package and entering into our typical "adversarial" contracting postures. Please see me by Tuesday April 2nd. Thank you.

cc:

Bill Johnston Carl Perrino

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON



Telefax Message To:

Peter Bianchi American Hawaii Cruises

808 521 3901

Thanks very much for the time we spent over the last few days while I was in Honolulu. I enjoyed very much the chance to visit with Rod, Leroy and yourself. I'm sorry I missed Terry.

I would like to confirm with this memo, my appreciation for your indication that you will direct Doug Grainger of London Salvage to have payments remitted directly to Northwest Marine for the work performed on your ship, which we billed to Doug recently. This work was negotiated and agreed to by all parties in your office two weeks ago.

Thanks again for all your help.

William H. Zavin, II



# Port of Portland

P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX: (503) 231-5332

NORTHWEST MARINE, INC. 5555 N. CHANNEL, BLDG. 2 ACCOUNTS PAYABLE PORTLAND, OR

97217

REMIT TO

P.O. BOX 5095 PORTLAND, OR 97208-509

**INVOICE** 

DATE

02/19/91 INVOICE NO.

美国公司

TERMS NET CASH

DELINQUENCY
CHARGES at the rate of 1,50 pper month, 1,80 per year, will be charged if invoice is not paid within days of invoice date.

FORTLAND SHIP REPAIR YARD

USE FEES

861291 INDEPENDENCE

8,110.69

 $\mathcal{U}_{\alpha}$ 

QUESTIONS OR PROBLEMS CALL: JUDY GREER

AT 1-800-547-8411 OR 1-503-231-5384<sup>(CSE)</sup>

P00Z-18

mott (E)

9239700 8110 69

002878 1/21/91 Lusten Ho

0



# Port of Portland

P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX: (503) 231-5332

NORTHWEST MARINE, INC. 5555 N. CHANNEL, BÉDG. 2 ACCOUNTS PAYABLE PORTLAND. OR

97217

REMIT TO

P.O. BOX 5095 PORTLAND, OR 97208-509.

**INVOICE** 

DATE

02/19/91 INVOICE NO.

97666

TERMS NET CASH

DELINQUENCY
CHARGES at the rate of
\$\sum\_50\text{"per month,} \quad \quad \quad \quad
per year, will be charged if
invoice is not paid within
days of invoice date.

FORTLAND SHIP REPAIR YARD

REHAB FEES

801291 INDEPENDENCE

2,640,69

4923

QUESTIONS OR PROBLEMS CALL: JUDY GREER

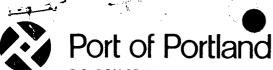
//25 D00278

72357

4923 9700 2640 6

002878

2/27/91 Kristen Holcer Ok



P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX: (503) 231-5332

NORTHWEST MARINE, INC. 5555 N. CHANNEL, BUDG. 2 ACCOUNTS PAYABLE FORTLAND, OR

97217

REMIT TO

P.O. BOX 5095 PORTLAND, OR 97208-509

**INVOICE** 

01/31/91 INVOICE NO.

27119

TERMS NET CASH

DELINQUENCY CHARGES at the rate of 1.50%per month, 18.00 per year, will be charged if invoice is not paid within  $\gamma_{(i)}$  days of invoice date.

PORTLAND SHIP REPAIR YARD JOB NO. 801291

INDEPENDENCE

AS PER ATTACHED

80,289.58

QUESTIONS OR PROBLEMS CALL: JUDY GREER

AT 1-800-547-8411

OR 1-503-231-5331 ///UCHER #

YENDOR

DATE DUE



# Port of Portland

P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX; (503) 231-5332

NORTHWEST MARINE, INC. TITT N. CHANNEL, BL'DG. 2 ACCOUNTS PAYABLE PORTLAND, OR

97217

**REMIT TO** 

P.O. BOX 5095 PORTLAND, OR 97208-509!

**INVOICE** 

62/08/91 INVOICE NO.

97616

TERMS NET CASH

DELINQUENCY CHARGES at the rate of 1.50% per month, 18.0% per year, will be charged if invoice is not paid within days of invoice date.

4923-20553

PORTLAND SHIP REPAIR YARD SAND REMOVAL

801291 INDEPENDENCE

DUMP TRUCKS & TRAILERS

875.00

DUMP FEES

2,775.00

LOADER & OPERATOR

120.00

TOTAL AMOUNT DUE

3,770.00 Line 5

QUESTIONS OR PROBLEMS CALL: JUDY GREER

AT 1-800-547-8411

OR 1-503-23 VOUS 56 1

VENDOR #

DATE DUE -

002870



P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX; (503) 231-5332

NORTHWEST MARINE, INC. 5555 M. CHANNEL, BLOG. 2 ACCOUNTS PAYABLE PORTLAND. OR

97217

REMIT TO

P.O. BOX 5095 PORTLAND, OR 97208-509

**INVOICE** 

TERMS NET CASH

DELINQUENCY
CHARGES at the rate of
1.50%per month, 18.0%
per year, will be charged if
invoice is not paid within
3.0 days of invoice date.

01/22/91

INVOICE NO.

97498

492320553

PORTLAND SHIP REPAIR YARD JOB NO. 801291

INDEPENDENCE

AS PER ATTACHED

87,050.45

QUESTIONS OR PROBLEMS CALL: JUDY GREER

AT 1-800-547-8411 OR 1-503-231-5331

voucher # 1018
vendor # 200278

DATE DUE

4923 0101 87050 15

002860

2/5/91 BW

jun 3

PORTLAND, OR 97208-3529

ACCOUNTS MATABLE

PORTLAND, OR

P.O. BOX 3529

(503) 231-5000

TWX: 910-464-5105 FAX: (503) 231-5332

97217

REMIT TO

LUMBINE

P.O. BOX 5095 PORTLAND, OR 97208-509

**INVOICE** 

TERMS NET CASH

DELINQUENCY
CHARGES at the rate of 1.20% per month, 1.0.40% per year, will be charged if invoice is not paid within days of invoice date.

DATE

01/18/91 INVOICE NO.

FTADO

4923 20553

NORTHWEST MARINE, INC.

5555 N. CHANNEL, BUDG. 2

PORTLAND SHIP REPAIR YARD JOB NO. 801291

INDEPENDENCE

AS PER ATTACHED

45,790.00

yars

QUESTIONS OR PROBLEMS CALL: JUDY GREER

AT 1-800-547-8411

OR 1-503-231-5331

VOUCHER # 107

VENDOR # 100278

DATE DUE

010] 45790 00

002860

2/5/91 BW

) Divis 21

P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX÷ (503) 231-5332

NORTHWEST MARINE, INC. 5555 N. CHANNEL, BLDG. 2 ACCOUNTS PAYABLE FORTLAND, OR

97217

ORIGINAL INVOICE

01/18/91

INVOICE NO.

97472

Lunamark

REMIT TO

P.O. BOX 5095 PORTLAND, OR 97208-5098

**INVOICE** 

TERMS NET CASH DATE

DELINQUENCY CHARGES at the rate of 1.50% per month, 18.0% per year, will be charged if invoice is not paid within 30 days of invoice date.

492320553

PORTLAND SHIP REPAIR YARD JOB NO. 801291

INDEPENDENCE

AS FER ATTACHED

614.26

QUESTIONS OR PROBLEMS CALL:

JUDY GREER

AT 1-800-547-8411

OR 1-503-231-5331

**VOUCHER** #

**VENDOR** #

DATE DUE

TASK/ DEPT.

**AMOUNT** 

JOB/ACCT. 小湖

002860



# BRIX MARITIME CO.

PLEASE REMIT TO: PO BOX 4500-70 PORTLAND, OREGON 97208

(503) 286-0631

TO: 06403

DATE: 02/08/91

N W MARINE IRON WORKS ATTN: BRUCE MOYER

INVOICE NO. CB37243

P.O. BOX 3109

PORTLAND, OR 97208

ORDER NO. P0677

OCEAN BARGE SERVICE ORDERED ON 2/05/91 BY S. RENFRO

SERVICES OF TUGS "P.J. BRIX" TO SHIFT BARGES "CHEHALIS" AND "SIUSLAW" OFF DRYDOCK #4. "CHEHALIS" GIVEN TO THE "OCEAN SERVICE" AND "SIUSLAW" TIED OFF ON FINGER PIER AT B311.

DATE RATE U/M ACTUAL QTY BILLING QTY AMOUNT 02/06/91 197.00 HRS .00 2.50 492.50 OCEAN BARGE SER SWAN ISLAND DRYDOCK 4 TO SWAN ISLAND BERTH 311 .04 DOL .00 492.50 FUEL SURCHARGE 02/06/91 19.70 SWAN ISLAND DRYDOCK 4 TO SWAN ISLAND BERTH 311

TOTAL INVOICE

512.20

RGB1291

# Brix Maritime



PLEASE REMIT TO: PO BOX 4500-70 PORTLAND, OREGON 97208

(503)-286-0631

[O: 66403

\*INDEPENDANCE\* N W MARINE IRON WORKS ATTN: BRUCE MOYER PO BOX 3109

DATE 1/18/91

INVOICENO. CA36439

ORDER NO. P0170

PORTLAND

OR 97208

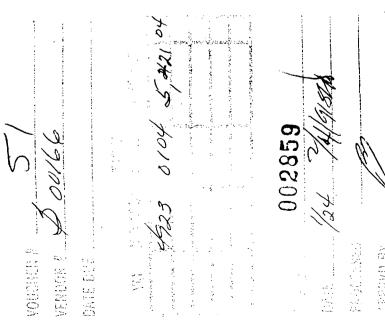
4923-20595

SHIP ASSIST PDX ORDERED ON 1/11/91 BY D.TAYLOR

P/0 # VESSEL \*INDEPENDANCE\*

SERVICES OF TRACTOR TUG "AMERICA" AND TUGS "BETSY L" AND "CHIEF" TO ASSIST THE VESSEL \*INDEPENDENCE\* FROM BERTH 312 INTO DRYDOCK #4 ON 1/12/91.

	DATE	RATE	ሀ/ጓ	ACTUAL	QTY	BILLING QTY	AMOUNT
ASSIST IN		1,875.00				1.59	2,812.50
SMAN ISLAND	BERTH 312	10 SMAN 15	LAND U	RIDUCK	4		
ASSIST OUT	1/12/91	1,080.00	TAR		• <b>0</b> 0	2.00	2,160.00
SWAN ISLAND	BERTH 312	TO MID CHAI	NNEL			LESS 10.00%	216.00=
ASSIST IN		230.00	HRS			3.50	980.00
MID CHANNEL		TO SWAN IS	LAND D	DRYDOCK	4		
DELAY	1/12/91	460.00	HRS			1.00	460.00
SWAN ISLAND	BERTH 312	TO SWAN IS	LAND D	DRYDOCK	4		
FUEL SURCHARG		•035	DOL		• 0 0	6,415.50	224.54
SWAW ISLAND	BERTH 312	TO SWAN IS	LAND D	DRYDOCK	4		



TOTAL INVOICE 6,421.04

# **COLUMBIA RIVER PILOTS** 13225 N. LOMBARD • PORTLAND, OREGON 97203

000219

**INVOICE:** 40756 PAGE:

THE PARTY

DATE:

VESSEL

					1/1/1/1		•
	IRON WOR		, ,		INDEPENDENCE  LOCA 20	594	
	P.O. BOX PORTLAND		. 05000		MAY TOURS TO		
		ប	N 97208				1
ACTIVITY	DATE		52/	TABLEE			
294		EROND TOUR	<del></del>	TARTEFUE	SCRIPTION		AMOUNT
274	VENDO	R#	+160 H6K-S₩	AN ISL BERTH	312 TO SWAN ISL. DRYDO	DCK #4	420.00
	DATE (	UE <u>Coo</u>	v71	B		TOTAL	420.00
	yerseman.	1933	0/04	1200			
	in the street of						
	Estate Control of	ti Time January	and the second s	The second of th			
	REG, #	0028	360	AMA			
	DATE		9 1/	5/9784	ist <sup>i</sup> avente in the		
	PROCESS						
	APPRVIN	TE: BILLS A	RE DUE AND PA	YABLE WHEN PRESE	NTED. SUBJECT TO LEGAL INTE	REST PAST 30 DAY	s.
		7		-			
							j
	Pilot No	145		COLUMBIA RIV	ER PILOT D	ate <u>1-72-9</u>	<u></u>
	VESSEL	INE	DEPENE	ENCE	Call Si	on KPHI	

Pilotage in Oregon is governed by ORS ch. 776 and applicable tariffs. The tariff now in effect gives vessels the option to release and indemnify pilots and pilot organizations from liability, or to obtain trip insurance. The relevant tariff provision are reprinted on the back of this document.

From\_

Draft\_

\_\_\_ Head Down

\_\_\_ Stern In

\_\_\_ Detention:

\_\_\_\_ Beginning

\_\_\_ Other

\_\_\_ Detained Aboard

Gross Tonnage 20220

\_\_\_\_ Swing for Compass

\_\_\_ Report Charge

\_\_\_\_\_ Tc \_

\_\_\_ At Anchor

\_\_\_ Standing By

\_ Berth Not Available

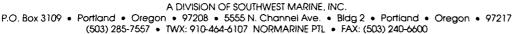
(Please read reverse side)

\_\_\_ Underway: Actual Transit \_\_\_\_\_ h \_\_\_\_ m

Normal Transit \_\_\_\_\_ h \_\_\_\_ m

\_\_\_\_ Tug & Barge \_\_\_\_\_ / \_

\_\_\_\_ Not Under Own Power





January 24, 1991

American Hawaii Cruises 604 Fort St. Honolulu, Hawaii 96813

Attn:

Mr. R. E. (Terry) White

Vice President

Dear Sir:

This letter is to serve as our daily update for the vessel's schedule. As of 1700 hours on 1/23/91, the vessel's schedule for going into the water appears to be shifting from evening hours on 1/25/91 to morning hours sometime on 1/26/91 at best. The specific time is yet to be determined and the date is somewhat tentative.

On 1/23/91, additional work was authorized in the form of increased piping repairs as well as settler tank repairs and the persistent problem with Leslie valves. The continuing steel repairs in #1 deep tank as well as other areas of the vessel where steel work was designated for renewal.

NWM feels that a 48 hour period would be required to test all systems necessary for sailing as well as the light-off of both main plants. A 24 hour period under the best circumstances does not allow for any equipment failure or repair.

The present agreement is for the vessel to begin light-off procedures while semi-submerged in the drydock, however, if there are any casualties or failures the sailing schedule is in jeopardy and the docking crew causes additional charges.

Currently it appears that the vessel's sailing schedule is questionable for 1/25/91.

NWM will continue to monitor the situation and will advise you of any further changes.

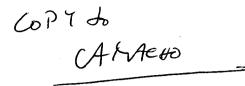
Yours truly,

John O'Donnell

Commercial Accounts Manager

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON

Oregon • 97217 P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bidg 2 • Portland • (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600





January 14, 1991

R.E. White V.P. Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

RE: Your Letter of January 11, 1991

Dear Mr. White:

I received your letter last Friday January 11, 1991. Your vessel was drydocked Saturday January 12th. Our schedules continue to demonstrate a redelivery of your vessel for the work you awarded to us within the contract time. In a perfect shipyard world a contractor would be able to drive a vessel into his yard and dock it and undock the vessel when it is time for it to depart just prior to redelivery. It doesn't always work that way.

Jim Coleman, Hardy Scroggins, John O'Donnell and I notified you by telephone during the first week of January that our local competitors were having trouble holding schedule on their commercial vessels due to unseasonably cold weather in Portland. We have no control over the other contractor's untimely undockings in the Portland Ship Repair Facility. We assumed control of the drydock on the 9th of January and in three days completed a five day job for the emergency repairs to the firm booked "Keystone Canyon". The rule you are questioning says that Keystone Canyon had to be docked after Cascade vacated Drydock #4 because they had a "firm booking".

You were well aware from our earlier oral discussion of the problem how we intended to work around the circumstances as they presented themselves. While it has nothing to do with the questions you asked, I would like to advise you of a conversation that we had with Captain Leback of the Maritime Administration. He wanted to make sure that we were aware of the strategic implications of the drydocking of "Keystone Canyon". Captain Leback advised us of "Keystone Canyon's" importance to our country's defense preparedness and readiness. He indicated the vessel was essential to support movements in and out of the country's strategic petroleum reserve. He also underscored its ongoing role in maintaining the flow of North Slope crude oil and how it would be impacted by our handling and timing of this project.

American Hawaii Cruises January 14, 1991 Page 2

We have never denied our contractual responsibility to you to redeliver "Independence" to Honolulu on schedule after completing the work under contract. We have no intention of abdicating our responsibilities now. If you or any of your associates need further information, please feel free to call me.

Yours very truly,

William H. Zavin, II Senior Vice President Commercial Contracting Activities

cc: Art Engel Herb Engel Bill Johnston



January 14, 1991

R.E. White V.P. Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

RE: Your Letter of January 11, 1991

Dear Mr. White:

I received your letter last Friday January 11, 1991. Your vessel was drydocked Saturday January 12th. Our schedules continue to demonstrate a redelivery of your vessel for the work you awarded to us within the contract time. In a perfect shipyard world a contractor would be able to drive a vessel into his yard and dock it and undock the vessel when it is time for it to depart just prior to redelivery. It doesn't always work that way.

Jim Coleman, Hardy Scroggins, John O'Donnell and I notified you by telephone during the first week of January that our local competitors were having trouble holding schedule on their commercial vessels due to unseasonably cold weather in Portland. We have no control over the other contractor's untimely undockings in the Portland Ship Repair Facility. We assumed control of the drydock on the 9th of January and in three days completed a five day job for the emergency repairs to the firm booked "Keystone Canyon". The rule you are questioning says that Keystone Canyon had to be docked after Cascade vacated Drydock #4 because they had a "firm booking".

You were well aware from our earlier oral discussion of the problem how we intended to work around the circumstances as they presented themselves. While it has nothing to do with the questions you asked, I would like to advise you of a conversation that we had with Captain Leback of the Maritime Administration. He wanted to make sure that we were aware of the strategic implications of the drydocking of "Keystone Canyon". Captain Leback advised us of "Keystone Canyon's" importance to our country's defense preparedness and readiness. He indicated the vessel was essential to support movements in and out of the country's strategic petroleum reserve. He also underscored its ongoing role in maintaining the flow of North Slope crude oil and how it would be impacted by our handling and timing of this project.

American Hawaii Cruises January 14, 1991 Page 2

We have never denied our contractual responsibility to you to redeliver "Independence" to Honolulu on schedule after completing the work under contract. We have no intention of abdicating our responsibilities now. If you or any of your associates need further information, please feel free to call me.

Yours very truly,

William H. Zavin, II Senior Vice President

Commercial Contracting Activities

cc: Art Engel

Herb Engel Bill Johnston



January 11, 1991

Northwest Marine Iron Works 5555 N. Channel Avenue Building #2 Portland, Oregon 97217

ATTN: Mr. Bill Zavin

Dear Mr Zavin:

Through earlier correspondence and several telephone conversations, your firm assured American Hawaii Cruises that the S.S. INDEPENDENCE was scheduled to be drydocked on January 10, 1991.

As we are all aware from recent events, the drydocking has not occurred as scheduled. We now understand that the earliest docking date is January 13, 1991. As you are aware, redelivery of the S.S. INDEPENDENCE is of the utmost concern to American Hawaii Cruises.

Will you please confirm that you have adjusted your schedules to meet the redelivery date given this later drydocking.

In addition, please give us a full explanation of the reasons for the delay in docking and a review of the rules for the Port of Portland which allowed us to be displaced from the drydocking date which had been long scheduled.

Your prompt attention to this request would be most appreciated.

Very truly yours

R. E. White Vice President Operations

REW/lgs

cc: Peter Bianchi Jeff Twine Exist X

.

# **SS INDEPENDENCE**

**JANUARY 1991** 

**DRYDOCK CONTRACT** 

AMERICAN HAWAII CRUISES Honolulu, Hawaii

and

NORTHWEST MARINE, INC. Portland, Oregon

# TABLE OF CONTENTS

ARTICLE	TITLE
1	Scope of Work
2	Specifications and Other Requirements
3	Total Contract Price
4	Terms of Payment
5	Inspection
6	Changes
7	Indemnities
8	Cancellation
9	Old Materials
10	Insurance
11	Force Majeure
12	Title
13	Assignment of Agreement
14	Appointment of A.H.C.'s Representatives
15	Computation of Time
16	Identification
17	No Third Party Beneficiaries
18	Joint Provisions
19	Notices
20	Law
21	Venue
22	Disputes/Arbitration
23	Limitations of Contractor's Liability
24	Trim of Vessel
25	Access to Shipyard

WHEREAS, A.H.C. desires to contract for the repair and/or modification of the passenger vessel SS INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of A.H.C. and applicable government regulations\*\*\*; and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modification work at Portland, Oregon;

NOW, THEREFORE, in consideration of the mutual and dependent covenants contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

#### ARTICLE 1 - SCOPE OF WORK:

(a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor in a Gas Free condition, "Safe for Men, Safe for Fire" at 12:01 a.m. (0001 hours) Pacific Standard Time on January 10, 1991, at the Contractor's shipyard at Portland, Oregon. Any delay beyond the date

-1-

Date (as defined below); provided, however, that the Redelivery Date shall not be so extended should the parties agree to a decrease in the Contract Work pursuant to the provisions of ARTICLE 6 - CHANGES and/or ARTICLE 8 - CANCELLATION of this Contract that will enable Contractor to maintain the original Redelivery Date.

- (b) Modification work shall be in strict accordance with (i) the specifications attached hereto as Exhibit A (hereinafter the "Specifications," and hereby incorporated into and made a part of this Contract), (ii) the rules and regulations of the American Bureau of Shipping (hereinafter the "Classification Society") as in effect and applicable to ships of the Vessel's class as of October 1, 1990 and (iii) U.S. Coast Guard and U.S.

  Public Health Service regulations (hereinafter "Government Regulations") in effect and applicable to ships of the Vessel's class as of October 1, 1990.
- Owner Furnished Equipment in Exhibit B attached hereto (hereinafter the "Owner Furnished Equipment"), the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.

- (d) The Contract\* Work shall be commenced after the Vessel is delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire." A Marine Chemist shall be provided by Contractor to test and certify for "Gas Free" environment and the Contract Work shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations as required by this Contract, and the Specifications (referred to together throughout this Contract as "Contract Work") including supply of all labor, materials, supplies and equipment necessary for the completion of the Contract Work.
- (e) Redelivery Date. The Redelivery Date shall be midnight (2400 hours) Pacific Standard Time of the 25th day of January 1991. Redelivery shall be deemed effected when the Contract Work is completed in accordance with the requirements of this Contract and Specifications, excepting only minor items not affecting the commercial utility or safe operation of the Vessel, and the Contractor makes the Vessel available for A.H.C.'s acceptance alongside an accessible pier or wharf at Contractor's facility.

The Redelivery Date shall be extended in the event (i)

A.H.C. is delayed in delivery of the Vessel to Contractor

as provided in Article 1(a) above, (ii) the parties agree

that extension is warranted by a Change in the Scope of

Work as provided by Article 1(f) below and/or

ARTICLE 6 - CHANGES, or (iii) there occurs an event or

circumstance of force majeure as defined in ARTICLE 11 
FORCE MAJEURE.

(f) The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.\*\*\* Any details of sizes and materials given in the Specifications are for Contractor's guidance and estimating purposes only, but are warranted by A.H.C. to be reasonably accurate.

However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provided, however, that if the particulars and dimensions and quantities vary by 20 percent, Contractor and A.H.C. shall enter into a written Change Order to accurately reflect the scope of work, and which shall include an extension of the Redelivery Date, if required and agreed to by the parties. It is further understood that a penalty of One Million Five Hundred Thousand Dollars (\$1,500,000.00), will be payable to A.H.C. in the event of a failure to deliver on the Redelivery Date, as it may

-4-

be extended pursuant to the provisions of this
Contract.\*\*\*

#### ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS:

- (a) The approval of the Classification Society, U.S. Coast Guard and/or U.S. Public Health Service (said agencies to be referred to hereinafter as the "Agencies") will be obtained by Contractor so that the Contract Work will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Classification Society and Government Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good <u>marine</u> practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed <u>Contract Work</u> will conform to the intended design required.

-5-

## ARTICLE 3 - CONTRACT PRICE:

(a) A.H.C. agrees to pay Contractor the following fixed sum as the Total Contract Price for the basic contract work in compliance with this Contract.

(b)	Total	Contract	Price	is	esti	mated	to	be	approximately
	****		τ	J.S.	Dollar	s.			

(c) The Total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

#### ARTICLE 4 - TERMS OF PAYMENT:

- (a) Except for payment for changes authorized pursuant to Article 6, A.H.C. shall pay Contractor for the Contract Work performed hereunder the Total Contract Price set forth above in the following manner:
- 20 percent of the original bid price on Redelivery as defined in Article 1(f).
- 30 percent 30 days after departure, of the agreed adjusted balance to include all change order adjustments, additional and deletions after receipt of invoice.

-6-

- The remaining mutually agreed 50 percent 60 days after the departure of the vessel.
- (b) All payments for changes above referred to shall be made in U.S. dollars and paid by wire transfer to Contractor's Bank and account. Where costs of changes are subsequently quoted, payment thereof shall be made in the same manner.
- (c) Contractor agrees that payment terms for repair work specified Items 501 and 502 will be as follows:

On or before May 1, 1991, payment will be made to Contractor by various insurance underwriters pursuant to the payment authorizations attached hereto as Exhibit A. In the event that payments have not been received in accordance with the previous sentence, then A.H.C. will advance all remaining amounts owed Contractor herein on If any funds are received by Contractor May 1, 1991. after advances shall have been made by A.H.C. to Contractor in accordance with this subparagraph shall have exceeded the total amount of insurance and repairs, then Contractor shall immediately pay such excess to American Hawaii Cruises. Contractor agrees to preserve its claim against the underwriters after the advance of funds by A.H.C. referenced above in order to effect the reimbursement to A.H.C. contemplated above.

-7-

#### ARTICLE 5 - INSPECTION:

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- Contractor shall give notice to the Representative as (b) early as possible of the date or dates on which tests of materials or inspections of work are scheduled. shall have the right, but not the obligation to inspect, approve or reject the work at that time. In the event t.hat. A.H.C. does inspect the work, the Representative(s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the Representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be

3060001 -8-

required to demonstrate that such defects have been corrected.

In the event Contractor disputes a rejection of material or workmanship by A.H.C., and/or if Contractor refuses to carry out any rework, additional inspections or tests requested by A.H.C. on the grounds that such rework, inspection or test constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. in writing within \*\*\*\* two (2) days following A.H.C.'s rejection or request.

- (c) In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a Change Order request pursuant to ARTICLE 6 CHANGES setting forth the manner in which it feels this Contract and the Specifications must be modified to have the work performed, modified or corrected as requested by A.H.C., the price of such change and any effect on the Redelivery Date. Upon receipt A.H.C. shall immediately either:
  - (i) Authorize the Change Order.
  - (ii) Withdraw its <u>rejection or request</u>.

Direct Contractor in writing to proceed with (iii) the work subject to later negotiation and/or arbitration in accordance with ART-ICLE 22 - ARBITRATION. In the event Contractor has advised A.H.C. that performance of the work will delay the Redelivery Date, and such delay actually occurs, Contractor shall only be liable for payment of the late delivery penalty provided by Article 1(f) if, his final decision, the arbitrator specifically makes findings that the work directed by A.H.C. did not constitute a change in the scope of work and/or a wrongful rejection of Contract Work, and Contractor's position was without merit and made in bad faith.

- (d) \*\*\*\* Defects appearing in any stage of the work <u>prior to</u> <u>Redelivery of the Vessel</u> shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1(e) shall constitute final acceptance by A.H.C. subject only to the

-10-

obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60 days of the Redelivery Date.

#### ARTICLE 6 - CHANGES:

- (a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- A.H.C. shall be at liberty at any time to request (b) quotations from Contractor for alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. Representative (R.E. "Terry" White) at the shipyard shall be authorized to delete, alter, amend or change any item contained in the Specifications. A.H.C. will not accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. In response to A.H.C. Representative's request, Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations, and an estimate of the effect such change will have on a Redelivery Date of the Vessel. shall be undertaken unless A.H.C. and Contractor have

-11-

agreed in writing upon the Change Order Price and effect on Redelivery Date, if any.

(c) Contractor agrees that any work authorized in addition to the basic contract will be invoiced at a labor rate not to exceed \$35.00 per straight time manhour plus \$20.00 premium per overtime manhour with a 15 percent markup on material and subcontractors.

#### ARTICLE 7 - INDEMNITIES:

(a) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and Vessel, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury of damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.

- (b) Contractor, at its own expense, will pay all employees taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.
- (d) In any action wherein Contractor is obligated to indemnify hold harmless and defend A.H.C. as provided in ARTICLE 7(c) above, Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgment rendered against A.H.C., its

-13-

employees, officers or agents, when such lawsuits are finally determined, it being stipulated obligations for indemnity assumed herein by Contractor this shall survive the termination of Contract, regardless of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

## ARTICLE 8 - CANCELLATION:

- (a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be canceled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work when occurring hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is canceled, and the date upon which such cancellation becomes effective.
- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:

-14-

- Stop work under the Contract on the date to the extent specified in the Notice of such cancellation;
- Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the \*\*\* work as may not be canceled;
- 3. Cancel all orders and subcontracts to the extent that they relate to the performance of any work canceled by the Notice of Cancellation;
- Settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
- 5. To the extent, in the manner and at the time directed by A.H.C. transfer title and deliver:
  - (aa) The fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as part of, or acquired in connection with the performance of the work canceled by the Notice of Cancellation; and

- (bb) The completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
- 6. Complete performance of such part of the work as shall not have been canceled by the Notice of Cancellation; and
- 7. Take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.
- (c) Contractor shall be entitled to a reasonable cancellation charge for any portion of work canceled by A.H.C.

  Allowable components of such cancellation charge shall include:
  - 1. Reasonable costs allocable to the canceled Contract
    Work incurred by Contractor prior to receipt of the
    Notice of Cancellation;
  - 2. Reasonable costs allocable to the canceled Contract
    Work incurred by Contractor after receipt of the

Notice of Cancellation in settling, after review with A.H.C., any termination claims made by its subcontractors or suppliers, or in complying with any of the requirements of Article 8(b) above;

- 3. Reasonable profit on the work performed by

  Contractor on the terminated Contract Work above

  costs incurred as identified in paragraphs (c)1.

  and (c)2. above.
- 4. Reasonable costs for the preparation and settlement of Contractor's claim for a cancellation charge.
- \* (d) The cancellation charge for any portion of the Contract

  Work for which Notice of Cancellation is given shall not

  exceed the price of such work as set forth in

  Contractor's bid, attached hereto. (Relocated and
  revised Article 22.)

# ARTICLE 9 - OLD MATERIALS:

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wishes to retain, all old materials removed from the Vessel during the work shall become Contractor's property upon Redelivery.

-17-

## ARTICLE 10 - INSURANCE:

- (a) Contractor shall maintain at Contractor's expense during the term of this Contract Ship Repairer's Liability Insurance in the amount of Ten Million U.S. Dollars (\$10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.
- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, naming A.H.C. as an additional insured and evidencing that satisfactory coverage of types set forth above are in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. Said certificate shall provide that the Insurer or Insurers have waived and do waive any rights of subrogation which it or they have against A.H.C.
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C. <u>A.H.C. represents and warrants that</u>,

-18-

under the terms of such policies, coverage does not lapse as a consequence of the Vessel being out of service for the purpose of having the Contract Work performed.

A.H.C. specifically waives on behalf of itself and its insurers all right to subrogation against Contractor, its subcontractors, officers, affiliates, agents, officers, directors and employees under such insurance.

#### ARTICLE 11 - FORCE MAJEURE:

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by events or circumstances of force majeure, which term shall include, but not be limited to Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities, explosions, fires, or vandalism, non-delivery of materials and/or equipment as scheduled, provided Contractor has been diligent in ordering such materials and equipment, and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor gives notice to A.H.C. of the occurrence of a force majeure condition within two (2) days of Contractor becoming aware of its occurrence and takes all reasonable steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.).\*\* Contractor

3060001 -19-

shall give notice of the extent of the delay to which it claims it is entitled within one (1) day after <u>Contractor becomes aware that</u> the condition which has caused it has terminated. <u>The extension of Redelivery Date to which Contractor shall be entitled shall be equal to the period measured from that point in time when the condition of force majeure first occurs and continuing until the effect of such condition on Contractor's performance ceases.</u>

١

## ARTICLE 12 - TITLE:

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price.

Contractor shall promptly pay all indebtedness for labor, materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver to A.H.C. a full release of liens for such indebtedness with affidavit to show that all bills for labor, materials, tools, and equipment incurred in the work have been paid prior to the final payment. Contractor shall not permit any such third party lien or charge to disrupt the schedule of the Vessel. If any such liens or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. If

3060001 -20-

Contractor does not act with sufficient promptness to avoid harm to A.H.C., A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C. Nothing in the foregoing Article shall be construed as a waiver by Contractor of its maritime lien in the Vessel subject to payment of the Contract Price.

## ARTICLE 13 - ASSIGNMENT OF AGREEMENT:

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Contract Price (as it may be modified pursuant to the terms of this Contract) and all other amounts due under the Contract will be paid. Nothing in this Article shall be construed as requiring Contractor to obtain A.H.C.'s consent prior to entering into subcontracts in the ordinary course of business for the performance of portions of the Contract Work.

-21-

ARTICLE 14 - APPOINTMENT OF A.H.C.'s REPRESENTATIVE(S):

Authority to give direction, comments, approvals, disapprovals,

notifications, or advise under this Contract and to actions taken

by Contractor in the performance of the work covered hereby shall

be vested in such representative as A.H.C. may designate by notice

in writing to Contractor (herein referred to as the "A.H.C. Repre-

sentative") subject to the terms of any such notice. Contractor

shall have no obligation to follow any directions, comments,

approvals, disapprovals, notifications or advises except those

which shall be issued in writing over the signature of an A.H.C.

Representative so authorized. Any person so authorized shall be

deemed an "A.H.C. Representative" within the terms of this Contract

until his designation to act as such shall be revoked.

ARTICLE 15 - COMPUTATION OF TIME:

All periods of time set forth in this Contract shall be computed by

including Saturdays, Sundays and Holidays.

ARTICLE 16 - IDENTIFICATION:

Contractor shall provide for his own employees a security pass

system with photographs of Contractor's personnel allowed to board

the Vessel.

-22-

3060001

## ARTICLE 17 - NO THIRD PARTY BENEFICIARIES:

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

# ARTICLE 18 - JOINT PROVISIONS:

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expressed the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or The failure of any party to insist upon strict comby telex. pliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid, illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part All Article headings are for identification purposes only.

-23-

3060001

#### ARTICLE 19 - NOTICES:

Any notice under this Contract shall be in writing or telex addressed to the following Representatives:

## For A.H.C.

For Contractor

R.E. (Terry) White, V.P. Marine Operations

or

P. Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii

## ARTICLE 20 - LAW:

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the <u>Maritime laws of the United States and the laws of the State of California.</u>

## ARTICLE 21 - VENUE:

A.H.C. and Contractor hereby agree that venue for the settlement of any and every claim, dispute, difference, or question arising out of or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

-24-

#### ARTICLE 22 - DISPUTES/ARBITRATION:

All claims, disputes and controversies between the parties arising out of, or relating to this Contract or the breach thereof shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this paragraph. Either party may initiate arbitration proceedings by giving notice to the other of its intent to arbitrate within sixty (60) days after the claim, dispute or controversy has arisen. All said proceedings will be brought in San Francisco, California. The claim or dispute shall be determined by a single arbitrator. In the event the parties are unable to agree on an arbitrator, the arbitrator shall be appointed by the American Arbitration Association under the Commercial Arbitration rules then in effect. The arbitrator shall determine the claim or dispute in accordance with (i) the language of this Agreement, (ii) the general maritime laws of the United States and (iii) the laws of the State of California. The award rendered by the arbitrator will be final. Judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal. The prevailing party shall be entitled to recover its reasonable attorney's fees which may be set by the arbitrator in the same proceeding. The prevailing party shall also be entitled to recover all costs and fees paid for the arbitration. Submission to arbitration shall not be construed as a waiver by Contractor of its maritime lien on the Vessel arising from work performed and/or materials furnished under this Contract. Provided, however, that

3060001 -25-

Contractor will seek arbitration as a method of dispute resolution prior to instituting an action to foreclose its maritime lien.

ARTICLE 23 - LIMITATION OF CONTRACTOR'S LIABILITY:

THE EXPRESS WARRANTIES OF CONTRACTOR, AS SET FORTH IN THIS CONTRACT, ARE THE EXCLUSIVE WARRANTIES OF CONTRACTOR AND ARE GIVEN IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY. CONTRACTOR HEREBY DISCLAIMS, AND A.H.C. HEREBY WAIVES, ANY WARRANTY EXPRESS OR IMPLIED, THAT THE MATERIALS OR WORKMANSHIP FURNISHED UNDER THIS CONTRACT ARE MERCHANTABLE OR FIT FOR ANY PARTICULAR PURPOSE.

ARTICLE 24 - TRIM OF VESSEL:

٠, ٠

If the Vessel is to be removed from the water, it must be on an even keel abeam and trimmed so that the difference in fore and aft trim shall not exceed one (1) foot per one hundred (100) feet. If the Vessel is out of trim, it shall be removed from the water at A.H.C.'s sole risk. The trim of the Vessel shall not be changed between the time of haul out and launch unless Contractor is first notified in writing.

ARTICLE 25 - ACCESS TO SHIPYARD:

A.H.C. and its agents, employees and independent contractors shall not be permitted to enter Contractor's shippard unless authorized

3060001 -26-

in advance and in writing by Contractor. All such authorized persons shall enter and remain in Contractor's shippard at their sole risk and shall comply with all safety and security rules established from time to time by Contractor. Such rules and regulations include, but are not limited to, the following:

- (a) A.H.C. or its designated representative shall supply

  Contractor with a list of the names of A.H.C.'s agents,

  employees and independent contractors. No person shall

  be allowed in Contractor's shipyard unless his name is on

  said list. A.H.C. shall immediately notify Contractor of

  any additions or deletions to said list.
- (b) A.H.C.'s agents, employees and independent contractors
  shall be required to log in and out of Contractor's
  shipyard. All such individuals shall enter and leave the
  2shipyard on a direct route to and from the Vessel.
- (c) All individuals entering Contractor's shippard shall be attired with appropriate footwear and safety head gear.
- (d) All individuals removing property from Contractor's shipyard shall be required to carry and present an authorized property pass.
- (e) Smoking or use of an open flame in any area of

  Contractor's shipyard may be declared a hazard at any

🖛 رہ

time and may be restricted or prohibited. A.H.C. shall enforce such restrictions or prohibitions with respect to his agents, employees, and independent contractors and if he fails to do so, the expense of fire watch personnel shall be charged to A.H.C.

AMERICAN HAWAII CRUISES:		
By: R.E. WHITE Vice President Marine Operations	P. BIANCHI Senior Vice President Operations	
NORTHWEST MARINE, INC., a Division of Southwest Marine, Inc.		
By:		

# SS INDEPENDENCE JANUARY 1991 DRYDOCK CONTRACT

AMERICAN HAWAII CRUISES Honolulu, Hawaii

and

NORTHWEST MARINE, INC. Portland, Oregon

## TABLE OF CONTENTS

Scope of Work Specifications and Other Requirements Total Contract Price Terms of Payment Inspection Changes Indemnities Cancellation Old Materials Insurance Insuranc	ARTICLE	TITLE					
Specifications and Other Requirements Total Contract Price Terms of Payment Inspection Changes Indemnities Cancellation Old Materials Insurance Insurance Title Assignment of Agreement Appointment of A.H.C.'s Representatives Computation of Time Identification No Third Party Beneficiaries Joint Provisions Notices Law Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel	1	Scope of Work					
Total Contract Price  Terms of Payment  Inspection  Changes  Indemnities  Cancellation  Old Materials  Insurance  Insurance  Title  Assignment of Agreement  Appointment of A.H.C.'s Representatives  Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel	_	<del>-</del>					
Terms of Payment  Inspection  Changes  Indemnities  Cancellation  Old Materials  Insurance  Insurance  Title  Assignment of Agreement  Appointment of A.H.C.'s Representatives  Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel	_	<del>-</del>					
Inspection Changes Indemnities Cancellation Old Materials Insurance Insurance If Force Majeure Insurance I	_						
Changes Indemnities Cancellation Old Materials Insurance Insurance Iforce Majeure Itle Assignment of Agreement Appointment of A.H.C.'s Representatives Computation of Time Identification No Third Party Beneficiaries Joint Provisions Notices Law Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel	_	<del>-</del>					
7 Indemnities 8 Cancellation 9 Old Materials 10 Insurance 11 Force Majeure 12 Title 13 Assignment of Agreement 14 Appointment of A.H.C.'s Representatives 15 Computation of Time 16 Identification 17 No Third Party Beneficiaries 18 Joint Provisions 19 Notices 20 Law 21 Venue 22 Disputes/Arbitration 23 Limitations of Contractor's Liability 24 Trim of Vessel	_	_					
Cancellation  Cancellation  Cancellation  Cancellation  Cancellation  Cold Materials  Insurance  Insurance  Title  Assignment of Agreement  Assignment of A.H.C.'s Representatives  Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Law  Limitations of Contractor's Liability  Trim of Vessel	•	-					
Old Materials  Insurance  Force Majeure  Title  Assignment of Agreement  Appointment of A.H.C.'s Representatives  Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel	•						
Insurance  Force Majeure  Title  Assignment of Agreement  Appointment of A.H.C.'s Representatives  Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel							
Title Title Assignment of Agreement Appointment of A.H.C.'s Representatives Computation of Time Identification No Third Party Beneficiaries Joint Provisions Notices Law Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel	_	•======================================					
12 Title  13 Assignment of Agreement  14 Appointment of A.H.C.'s Representatives  15 Computation of Time  16 Identification  17 No Third Party Beneficiaries  18 Joint Provisions  19 Notices  20 Law  21 Venue  22 Disputes/Arbitration  23 Limitations of Contractor's Liability  24 Trim of Vessel	_ •						
Assignment of Agreement Appointment of A.H.C.'s Representatives Computation of Time Identification No Third Party Beneficiaries Joint Provisions Notices Law Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel		_					
Appointment of A.H.C.'s Representatives Computation of Time Identification No Third Party Beneficiaries Joint Provisions Notices Law Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel							
Computation of Time  Identification  No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel		-					
16 Identification 17 No Third Party Beneficiaries 18 Joint Provisions 19 Notices 20 Law 21 Venue 22 Disputes/Arbitration 23 Limitations of Contractor's Liability 24 Trim of Vessel		<del>-</del> -					
No Third Party Beneficiaries  Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel	_	<del>-</del>					
Joint Provisions  Notices  Law  Venue  Disputes/Arbitration  Limitations of Contractor's Liability  Trim of Vessel							
19 Notices 20 Law 21 Venue 22 Disputes/Arbitration 23 Limitations of Contractor's Liability 24 Trim of Vessel	17	No Third Party Beneficiaries					
20 Law 21 Venue 22 Disputes/Arbitration 23 Limitations of Contractor's Liability 24 Trim of Vessel	18	Joint Provisions					
Venue Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel	19	Notices					
Disputes/Arbitration Limitations of Contractor's Liability Trim of Vessel	20	Law					
23 Limitations of Contractor's Liability 24 Trim of Vessel	21	Venue					
24 Trim of Vessel	22	Disputes/Arbitration					
	23	Limitations of Contractor's Liability					
25 Access to Shipyard	24	Trim of Vessel					
	25	Access to Shipyard					

WHEREAS, A.H.C. desires to contract for the repair and/or modification of the passenger vessel SS INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of A.H.C. and applicable government regulations\*\*\*; and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modification work at Portland, Oregon;

NOW, THEREFORE, in consideration of the mutual and dependent covenants contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

#### ARTICLE 1 - SCOPE OF WORK:

(a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor in an Gas Free condition "Safe for Men, Safe for Fire" condition at 12:01 a.m. (0001 hours)

Pacific Standard Time on January 10, 1991, at the Contractor's shipyard at Portland, Oregon. Any delay

3060001 -1-

beyond the date stated above shall\*\*\* automatically extend the Redelivery Date (as defined below); provided, however, that the Redelivery Date shall not be so extended should the parties agree to a decrease in the Contract Work pursuant to the provisions of ARTICLE 6 - CHANGES and/or ARTICLE 8 - CANCELLATION of this Contract that will enable Contractor to maintain the original Redelivery Date.

- (b) Modification work shall be in strict accordance with (i) the specifications attached hereto as Exhibit A (hereinafter the "Specifications," and hereby incorporated into and made a part of this Contract), (ii) the rules and regulations of the American Bureau of Shipping (hereinafter the "Classification Society") as in effect and applicable to ships of the Vessel's class as of October 1, 1990 and (iii) U.S. Coast Guard and U.S.

  Public Health Service regulations (hereinafter "Government Regulations") in effect and applicable to ships of the Vessel's class as of October 1, 1990.
- Owner Furnished Equipment in Exhibit B attached hereto (hereinafter the "Owner Furnished Equipment"), the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.

- (d) The Contract\* Work shall be commenced after the Vessel is delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire." A Marine Chemist shall be provided by Contractor to test and certify for "Gas Free" environment and the Contract work shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations as required by this Contract, and the Specifications (referred to together throughout this Contract as "Contract Work") including supply of all labor, materials, supplies and equipment necessary for the completion of the Contract Work.
- (e) Redelivery Date. The Redelivery Date shall be midnight (2400 hours) Pacific Standard Time of the 25th day of January 1991. Redelivery shall be deemed effected when the Contract Work is completed in accordance with the requirements of this Contract and Specifications, excepting only minor items not affecting the commercial utility or safe operation of the Vessel, and the Contractor makes the Vessel available for A.H.C.'s acceptance alongside an accessible pier or wharf at Contractor's facility.

The Redelivery Date shall be extended in the event (i)

A.H.C. is delayed in delivery of the Vessel to Contractor

as provided in Article 1(a) above, (ii) the parties agree

that extension is warranted by a Change in the Scope of

Work as provided by Article 1(f) below and/or

ARTICLE 6 - CHANGES, or (iii) there occurs an event or

circumstance of force majeure as defined in ARTICLE 11 
FORCE MAJEURE.

(f) The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.\*\*\* Any details of sizes and materials given in the Specifications are for Contractor's guidance and estimating purposes only, but are warranted by A.H.C. to be reasonably accurate.

However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provided, however, that if the particulars and dimensions and quantities vary by 20 percent, Contractor and A.H.C. shall enter into a written Change Order to accurately reflect the Scope of Work, and which shall include an extension of the Redelivery Date, if required and agreed to by the parties. It is further understood that a penalty of One Million Five Hundred Thousand Dollars (\$1,500,000.00), will be payable to A.H.C. in the event of a failure to deliver on the Redelivery Date, as it may

3060001 -4-

be extended pursuant to the provisions of this
Contract.\*\*\*

## ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS:

- (a) The approval of the Classification Society, U.S. Coast Guard and/or U.S. Public Health Service (said agencies to be referred to hereinafter as the "Agencies") will be obtained by Contractor so that the Contract Work will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Classification Society and Government Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good <u>marine</u> practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed <u>Contract Work</u> will conform to the intended design required.

-5-

# ARTICLE 3 - CONTRACT PRICE:

- (a) In consideration of Contractor's performance of
  the Contract Work as required by the provisions of this
  Contract and the Specifications, A.H.C. agrees to pay
  Contractor \$ (U.S.) (hereinafter the "Basic
  Contract Price."
- increase or decrease in price agreed to by the parties

  pursuant to ARTICLE 6 CHANGES and/or ARTICLE 8 
  CANCELLATION (the Basic Contract Price as so adjusted,
  hereinafter termed the "Total Contract Price").

# ARTICLE 4 - TERMS OF PAYMENT:

- (a) Except for payment for changes authorized <u>but subject to</u>

  <u>adjustment</u> pursuant to Article 5(c), A.H.C. shall pay

  Contractor for the Contract Work performed hereunder the

  Total Contract Price set forth above in the following

  manner:
- 20 percent of the <u>Total Contract Price on Redelivery</u> as defined in Article 1(f).
- 30 percent of the Total Contract Price 30 days after Redelivery.\*\*\*

-6-

- The remaining \*\*\* 50 percent of the Total Contract Price 60 days after the Redelivery of the vessel.
- (b) All payments \*\*\* made pursuant to the Article shall be made in U.S. dollars and paid by wire transfer to Contractor's account at First Interstate Bank, Portland, Oregon, ABA No. 123000123 for credit to Account No. 552 00 15229 in the name of Northwest Marine, Inc. Where costs of changes are subsequently settled, payment thereof shall be made in the same manner within one (1) day of the settlement date.

## ARTICLE 5 - INSPECTION:

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- (b) Contractor shall give notice to the Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right, but not the obligation to inspect, approve or reject the work at that time. In the event

-7-

that A.H.C. does inspect the work, the A.H.C. Representative(s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the Representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be required to demonstrate that such defects have been corrected.

In the event Contractor disputes a rejection of material or workmanship by A.H.C., and/or if Contractor refuses to carry out any rework, additional inspections or tests requested by A.H.C. on the grounds that such rework, inspection or test constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. in writing within \*\*\*\* two (2) days following A.H.C.'s rejection or request.

(c) In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a Change

-8-

Order request pursuant to <u>ARTICLE 6 - CHANGES</u> setting forth the manner in which it feels this Contract and the Specifications must be modified to have the work <u>performed</u>, modified or corrected as requested by A.H.C., the price of such change and any effect on the Redelivery <u>Date</u>. <u>Upon receipt</u> A.H.C. shall immediately <u>either</u>:

- (i) Authorize the Change Order.
- (ii) Withdraw its <u>rejection or request</u>.
- Direct Contractor in writing to proceed with (iii) the work <u>subject to later negotiation and/or</u> arbitration in accordance with ART-ICLE 22 - ARBITRATION. In the Contractor has advised A.H.C. that performance of the work will delay the Redelivery Date, and such delay actually occurs, Contractor shall only be liable for payment of the late delivery penalty provided by Article 1(f) if in his final decision the arbitrator specifically makes findings that the work directed by A.H.C. did not constitute a change in the scope of work or a wrongful rejection of Contract Work and Contractor's position was without merit and made in bad faith.

- (d) \*\*\*\* Defects appearing in any stage of the work <u>prior to</u> <u>Redelivery of the Vessel</u> shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1(e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60 days of the Redelivery Date.

#### ARTICLE 6 - CHANGES:

- (a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- (b) A.H.C. shall be at liberty at any time to request quotations from Contractor for alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. Representative (R.E. "Terry" White) at the shipyard shall be authorized

3060001 -10-

to delete, alter, amend or change any item contained in the Specifications. A.H.C. will not accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. <u>In response to A.H.C. Representative's request, Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations, and an estimate of the effect such change will have on a Redelivery Date of the Vessel. No work shall be undertaken <u>unless A.H.C. and Contractor have agreed in writing upon the Change Order Price and effect on Redelivery Date, if any.</u></u>

(c) Contractor agrees that any work authorized in addition to the basic contract will be invoiced at a labor rate not to exceed \$35.00 per straight time manhour plus \$20.00 premium per overtime manhour with a 15 percent markup on material and subcontractors.

#### ARTICLE 7 - INDEMNITIES:

(a) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and Vessel, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury

-11-

or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury of damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.

- (b) Contractor, at its own expense, will pay all employees taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.

-12-

In any action wherein Contractor is obliqued to indemnify hold harmless and defend A.H.C. as provided in ARTICLE 7(c) above, Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgment rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally determined, it being stipulated that all obligations for indemnity assumed herein by Contractor survive the termination of this Contract, regardless of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

# ARTICLE 8 - CANCELLATION:

(d)

(a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be canceled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work when occurring hereunder shall be effected by delivery to

Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is canceled, and the date upon which such cancellation becomes effective.

- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - Stop work under the Contract on the date to the extent specified in the Notice of such cancellation;
  - Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the \*\*\* work as may not be canceled;
  - 3. Cancel all orders and subcontracts to the extent that they relate to the performance of any work canceled by the Notice of Cancellation;
  - Settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - 5. To the extent, in the manner and at the time directed by A.H.C. transfer title and deliver:

-14-

- (aa) The fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as part of, or acquired in connection with the performance of the work canceled by the Notice of Cancellation; and
- (bb) The completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
- 6. Complete performance of such part of the work as shall not have been canceled by the Notice of Cancellation; and
- 7. Take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.
- (c) Contractor shall be entitled to reasonable cancellation charges for the portion of work canceled by A.H.C. Allowable components of such cancellation charges shall include:

-15-

- 1. Reasonable costs allocable to the canceled Contract
  Work incurred by Contractor prior to receipt of the
  Notice of Cancellation;
- 2. Reasonable costs allocable to the canceled Contract
  Work incurred by Contractor after receipt of the
  Notice of Cancellation in settling, after review
  with A.H.C., any termination claims made by its
  subcontractors or suppliers, or in complying with
  any of the requirements of Article 8(b) above;
- 3. Reasonable profit on the work performed by

  Contractor on the terminated Contract Work above

  costs incurred as identified in paragraphs (c)1.

  and (c)2. above.
- 4. Reasonable costs for the preparation and settlement of Contractor's claim for cancellation charges.
- \* (d) The cancellation charge for any portion of the Contract

  Work for which Notice of Cancellation is given shall not

  exceed the price of such work as set forth in

  Contractor's bid, attached hereto. (Relocated and
  revised Article 22.)

ARTICLE 9 - OLD MATERIALS:

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wishes to retain, all old materials removed from the Vessel during the work shall become Contractor's

property upon Redelivery.

ARTICLE 10 - INSURANCE:

(a) Contractor shall maintain at Contractor's expense during

the term of this Contract Ship Repairer's Liability

Insurance in the amount of Ten Million U.S. Dollars

(\$10,000,000) to cover the liability of the Contractor

or, as the case may be, of any subcontractor, in respect

of damage to the Vessel, its appurtenances, attachments

or any property thereon caused by reason of the carrying

out of the Contract Work.

(b) Contractor shall deliver to A.H.C. within fourteen (14)

days of the execution of this Contract, a certificate

from its Insurer or Insurers, naming A.H.C. as an addi-

tional insured and evidencing that satisfactory coverage

of types set forth above are in full force and effect and

providing that the Insurer or Insurers shall notify

A.H.C. ten (10) days prior to any cancellation or re-

duction of such coverage. Said certificate shall provide

that the Insurer or Insurers have waived and do waive any

-17-

3060001

rights of subrogation which it or they have against A.H.C.

repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C. A.H.C. represents and warrants that, under the terms of such policies, coverage does not lapse as a consequence of the Vessel being out of service for the purpose of having the Contract Work performed.

A.H.C. specifically waives on behalf of itself and its insurers all right to subrogation against Contractor, its subcontractors, officers, affiliates, agents, officers, directors and employees under such insurance.

### ARTICLE 11 - FORCE MAJEURE:

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by events or circumstances of force majeure, which term shall include, but not be limited to Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities, explosions, fires, or vandalism, non-delivery of materials and/or equipment as scheduled, provided Contractor has been diligent in ordering such materials and

-18-

equipment, and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor gives notice to A.H.C. of the occurrence of a force majeure condition within two (2) days of Contractor becoming aware of its occurrence and takes all reasonable steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.).\*\* Contractor shall give notice of the extent of the delay to which it claims it is entitled within one (1) day after Contractor becomes aware that the condition which has caused it has terminated. The extension of Redelivery Date to which Contractor shall be entitled shall be equal to the period measured from that point in time when the condition of force majeure first occurs and continuing until the effect of such condition on Contractor's performance ceases.

#### ARTICLE 12 - TITLE:

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price.

Contractor shall promptly pay all indebtedness for labor, materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver to A.H.C. a full release of liens for such indebtedness with

3060001 -19-

affidavit to show that all bills for labor, materials, tools, and equipment incurred in the work have been paid prior to the final payment. Contractor shall not permit any such third party lien or charge to disrupt the schedule of the Vessel. If any such liens or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. If Contractor does not act with sufficient promptness to avoid harm to A.H.C., A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C. Nothing in the foregoing Article shall be construed as a waiver by Contractor of its maritime lien in the Vessel subject to payment of the Contract Price.

## ARTICLE 13 - ASSIGNMENT OF AGREEMENT:

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Contract Price (as it may be modified pursuant to the terms of this Contract) and all other

3060001 -20-

amounts due under the Contract will be paid. Nothing in this Article shall be construed as requiring Contractor to obtain A.H.C.'s consent prior to entering into subcontracts in the ordinary course of business for the performance of portions of the Contract Work.

## ARTICLE 14 - APPOINTMENT OF A.H.C.'s REPRESENTATIVE(S):

Authority to give direction, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advises except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C. Representative" within the terms of this Contract until his designation to act as such shall be revoked.

#### ARTICLE 15 - COMPUTATION OF TIME:

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and Holidays.

3060001 -21-

#### ARTICLE 16 - IDENTIFICATION:

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the Vessel.

# ARTICLE 17 - NO THIRD PARTY BENEFICIARIES:

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

## ARTICLE 18 - JOINT PROVISIONS:

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expressed the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid,

-22-

illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article headings are for identification purposes only.

#### ARTICLE 19 - NOTICES:

Any notice under this Contract shall be in writing or telex addressed to the following Representatives:

## For A.H.C.

For Contractor

R.E. (Terry) White, V.P. Marine Operations

or

P. Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii

# ARTICLE 20 - LAW:

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the <u>Maritime laws of the United States and the laws of the State of California.</u>

-23-

# ARTICLE 21 - VENUE:

A.H.C. and Contractor hereby agree that venue for the settlement of any and every claim, dispute, difference, or question arising out of or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

## ARTICLE 22 - DISPUTES/ARBITRATION:

All claims, disputes and controversies between the parties arising out of, or relating to this Contract or the breach thereof shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this paragraph. Either party may initiate arbitration proceedings by giving notice to the other of its intent to arbitrate within sixty (60) days after the claim, dispute or controversy has arisen. All said proceedings will be brought in San Francisco, California. The claim or dispute shall be determined by a single arbitrator. In the event the parties are unable to agree on an arbitrator, the arbitrator shall be appointed by the American Arbitration Association under the Commercial Arbitration rules then in effect. The arbitrator shall determine the claim or dispute in accordance with (i) the language of this Agreement, (ii) the general maritime laws of the United States and (iii) the laws of the State of California. The award rendered by the arbitrator

3060001 -24-

will be final. Judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal. The prevailing party shall be entitled to recover its

3060001 -25-

reasonable attorney's fees which may be set by the arbitrator in the same proceeding. The prevailing party shall also be entitled to recover all costs and fees paid for the arbitration. Submission to arbitration shall not be construed as a waiver by Contractor of its maritime lien on the Vessel arising from work performed and/or materials furnished under this Contract. Provided, however, that Contractor will seek arbitration as a method of dispute resolution prior to instituting an action to foreclose its maritime lien.

## ARTICLE 23 - LIMITATION OF CONTRACTOR'S LIABILITY:

The express warranties of Contractor, as set forth in this Contract, are the exclusive warranties of Contractor and are given in lieu of all other warranties whether express, implied or statutory. Contractor hereby disclaims, and A.H.C. hereby waives, any warranty express or implied, that the materials or workmanship furnished under this Contract are merchantable or fit for any particular purpose.

#### ARTICLE 24 - TRIM OF VESSEL:

If the Vessel is to be removed from the water, it must be on an even keel abeam and trimmed so that the difference in fore and aft trim shall not exceed one (1) foot per one hundred (100) feet. If the Vessel is out of trim, it shall be removed from the water at

3060001 -26-

Owner's sole risk. The trim of the Vessel shall not be changed between the time of haul out and launch unless Contractor is first notified in writing.

#### ARTICLE 25 - ACCESS TO SHIPYARD:

Owner and his agents, employees and independent contractors shall not be permitted to enter Contractor's shipyard unless authorized in advance and in writing by Contractor. All such authorized persons shall enter and remain in Contractor's shipyard at their sole risk and shall comply with all safety and security rules established from time to time by Contractor. Such rules and regulations include, but are not limited to, the following:

- (a) Owner or his designated representative shall supply

  Contractor with a list of the names of Owner's agents,

  employees and independent contractors. No person shall

  be allowed in Contractor's shippard unless his name is on

  said list. Owner shall immediately notify Contractor of

  any additions or deletions to said list.
- (b) Owner's agents, employees and independent contractors shall be required to log in and out of Contractor's shipyard. All such individuals shall enter and leave the shipyard on a direct route to and from the Vessel.

-27-

- (c) All individuals entering Contractor's shipyard shall be attired with appropriate footwear and safety head gear.
- (d) All individuals removing property from Contractor's shipyard shall be required to carry and present an authorized property pass.
- (e) Smoking or use of an open flame in any area of
  Contractor's shipyard may be declared a hazard at any
  time and may be restricted or prohibited. Owner shall
  enforce such restrictions or prohibitions with respect to
  his agents, employees, and independent contractors and if
  he fails to do so, the expense of fire watch personnel
  shall be charged to Owner.

By:
R.E. WHITE
Vice President
Marine Operations

NORTHWEST MARINE, INC., a
Division of Southwest Marine,
Inc.

By:
William R. Johnston

Senior Vice President

-28-

# SS INDEPENDENCE JANUARY 1991 DRYDOCK CONTRACT

AMERICAN HAWAII CRUISES Honolulu, Hawaii

and

NORTHWEST MARINE, INC. Portland, Oregon

# TABLE OF CONTENTS

ARTICLE	TITLE
_	
1	Scope of Work
2	Specifications and Other Requirements
3	Contract Price
4	Terms of Payment
5	Inspection
6	Changes
7	Indemnities
8	Cancellation
9	Old Materials
10	Insurance
11	Force Majeure
12	Title
13	Assignment of Agreement
14	Appointment of A.H.C.'s Representative(s)
15	Computation of Time
16	Identification
17	No Third Party Beneficiaries
18	Joint Provisions
19	Notices
20	Law
21	Disputes/Arbitration
22	Trim of Vessel
23	Access to Shipyard

THIS CONTRACT made and entered into this \_ and between AMERICAN HAWAII CRUISES, a corporation, with its principal offices located at 550 Kearney Street, California 94108 (hereinafter "A.H.C."), San Francisco, NORTHWEST MARINE, INC., an Oregon corporation, with offices located at 5555 North Channel Avenue, Portland, Oregon 97217 (hereinafter "Contractor").

WHEREAS, A.H.C. desires to contract for the repair and/or modification of the passenger vessel SS INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of A.H.C. and applicable government regulations \*\*\*; and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modification work at Portland, Oregon;

NOW, THEREFORE, in consideration of the mutual and dependent covenants contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

#### ARTICLE 1 - SCOPE OF WORK:

3060001

(a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor in a Gas Free condition, "Safe for Men, Safe for Fire" at 12:01 a.m. (0001 hours) Pacific Standard Time on January 10, 1991, at the Contractor's shipyard at Portland, Oregon. Any delay beyond the date stated above shall \*\*\* automatically extend the Redelivery Date (as defined below); provided, however, that the Redelivery Date shall not be so extended should the parties agree to a decrease in the Contract Work pursuant to the provisions of ARTICLE 6 - CHANGES and/or ARTICLE 8 CANCELLATION of this Contract that will enable Contractor to maintain the original Redelivery Date.

Modification work shall be in strict accordance with (i) the specifications attached hereto as Exhibit A (herein-衛fter the "Specifications," and hereby incorporated into and made a part of this Contract), (ii) the rules and regulations of the American Bureau of Shipping (hereinafter the "Classification Society") as in effect and applicable to ships of the Vessel's class as of October 1, 1990 and (iii) U.S. Coast Guard and U.S. Health Service regulations (hereinafter "Government Regulations") in effect and applicable to ships of the Vessel's class as of October 1, 1990.

It is understood that, except for those items listed as Owner Furnished Equipment in Exhibit B attached hereto (hereinafter the "Owner Furnished Equipment"), the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.

-1-

- (d) The Contract\* Work shall be commenced after the Vessel is delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire." A Marine Chemist shall be provided by Contractor to test and certify for "Gas Free" environment and the Contract Work shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations as required by this Contract, and the Specifications (referred to together throughout this Contract as "Contract Work") including supply of all labor, materials, supplies and equipment necessary for the completion of the Contract Work.
- (e) Redelivery Date. The Redelivery Date shall be midnight (2400 hours) Pacific Standard Time on January 25, 1991. Redelivery shall be deemed effected when the Contract Work is completed in accordance with the requirements of this Contract and Specifications, excepting only minor items not affecting the commercial utility or safe operation of the Vessel, and the Contractor makes the Vessel available for A.H.C.'s acceptance alongside an accessible pier or wharf at Contractor's facility.

The Redelivery Date shall be extended in the event (i) A.H.C. is delayed in delivery of the Vessel to Contractor as provided in Article 1(a) above, (ii) the parties agree that extension is warranted by a Change in the Scope of Work as provided by Article 1(f) below and/or ARTICLE 6 - CHANGES, or (iii) there occurs an event or circumstance of force majeure as defined in ARTICLE 11 - FORCE MAJEURE.

(f) The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.\*\*\* Any details of sizes and materials given in the Specifications are for Contractor's guidance and estimating purposes only, but are warranted by A.H.C. to be reasonably accurate.

However, Contractor agrees that Contractor shall take <u>its</u> own particulars and dimensions for each and every item and shall be fully responsible for same, provided, however, that if the particulars and dimensions and quantities vary by 20 percent, Contractor and A.H.C. shall <u>enter into</u> a written Change Order to <u>accurately reflect the scope of work, and which shall include an extension of the Redelivery Date, if required and agreed to by the parties. It is further understood that a penalty of One Million Five Hundred Thousand Dollars (\$1,500,000.00), will be payable to A.H.C. in the event of a failure to deliver on the Redelivery Date, as <u>it may</u></u>

/g

be extended pursuant to the provisions of this
Contract.\*\*\*

# ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS:

- (a) The approval of the Classification Society, U.S. Coast Guard and/or U.S. Public Health Service (said agencies to be referred to hereinafter as the "Agencies") will be obtained by Contractor so that the Contract Work will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Classification Society and Government Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good <u>marine</u> practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed <u>Contract Work</u> will conform to the intended design required.

# ARTICLE 3 - CONTRACT PRICE:

- (a) A.H.C. agrees to pay Contractor the following fixed sum as the Total Contract Price for the basic contract work in compliance with this Contract.
- (b) Total Contract Price is \*\*\*\*\* \_\_\_\_\_ U.S. Dollars.
- (c) The Total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

## ARTICLE 4 - TERMS OF PAYMENT:

- (a) Except for payment for changes authorized pursuant to Article 6, A.H.C. shall pay Contractor for the Contract Work performed hereunder the Total Contract Price set forth above in the following manner:
- <u>Twenty (20)</u> percent of the original bid price on Redelivery as defined in Article 1(f).
- Thirty (30) percent thirty (30) days after departure, of the agreed adjusted balance to include all change order adjustments, additional and deletions after receipt of invoice.
- The remaining \*\* <u>fifty (50)</u> percent 60 days after the departure of the vessel.

- (b) All payments \*\*\* made pursuant to the Article shall be made in U.S. dollars and paid by wire transfer to Contractor's account at First Interstate Bank, Portland, Oregon, ABA No. 123000123 for credit to Account No. 552 00 15229 in the name of Northwest Marine, Inc. Where costs of changes are subsequently settled, payment thereof shall be made in the same manner within one (1) day of the settlement date.
- (c) Contractor agrees that payment terms for repair work specified Items 501 and 502 will be as follows:

On or before May 1, 1991, payment will be made to Contractor by various insurance underwriters pursuant to the payment authorizations attached hereto as Exhibit A. In the event that payments have not been received in accordance with the previous sentence, then A.H.C. will advance all remaining amounts owed Contractor herein on May 1, 1991. If any funds are received by Contractor after advances shall have been made by A.H.C. to Contractor in accordance with this subparagraph shall have exceeded the total amount of insurance and repairs, then Contractor shall immediately pay such excess to Contractor agrees to preserve its claim against A.H.C. the underwriters after the advance of funds by A.H.C. referenced above in order to effect the reimbursement to A.H.C. contemplated above.

#### ARTICLE 5 - INSPECTION:

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- Contractor shall give notice to the <u>A.H.C.</u> Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right, but not the obligation to inspect, approve or reject the work at that time. In the event that A.H.C. does inspect the work, the A.H.C. Representative(s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the Representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be

required to demonstrate that such defects have been corrected.

In the event Contractor disputes a rejection of material or workmanship by A.H.C., and/or if Contractor refuses to carry out any rework, additional inspections or tests requested by A.H.C. on the grounds that such rework, inspection or test constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. in writing within \*\*\*\* two (2) days following A.H.C.'s rejection or request.

- (c) In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a Change Order request pursuant to <u>ARTICLE 6 CHANGES</u> setting forth the manner in which it feels this Contract and the Specifications must be modified to have the work performed, modified or corrected as requested by A.H.C., the price of such change and any effect on the Redelivery Date. Upon receipt A.H.C. shall immediately either:
  - (i) Authorize the Change Order.
  - (ii) Withdraw its <u>rejection or request</u>.
  - (iii) Direct Contractor in writing to proceed with the work <u>subject to later negotiation and/or</u> arbitration in accordance with ICLE 21 - DISPUTES/ARBITRATION. In the event Contractor has advised A.H.C. that performance of the work will delay the Redelivery Date, and such delay actually occurs, Contractor shall only be liable for payment of the late delivery penalty provided by Article 1(f) if, decision, <u>his final</u> the arbitrator specifically finds that the work directed by A.H.C. did not constitute a change in the scope of work and/or a wrongful rejection of Contract Work, and Contractor's position was without merit and made in bad faith.
- (d) \*\*\*\* Defects appearing in any stage of the work <u>prior to</u> <u>Redelivery of the Vessel</u> shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1(e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60

days of the Redelivery Date. Contractor's liability to repair or replace defective material or workmanship is intended and agreed by the parties to be Contractor's sole liability for such defects and Contractor shall not be liable for any other damage to, or loss of the Vessel, or other property, or any other harm or loss of any nature whatsoever arising from defects in design, material or workmanship. A.H.C. accepts the risk of, and Contractor shall not be liable under any circumstance for, any incidental, special, or consequential damages of any nature whatsoever, including, but not limited to, any claims related to delay or loss of use of the Vessel, lost revenues, lost profits, crew wages or shares, salvage, fuel costs, pilotage or tug expenses, whether such damages be predicated upon an alleged breach of this Agreement, negligence by the Contractor, strict liability in tort, or upon any other basis whatsoever.

(f) THE EXPRESS WARRANTY OF CONTRACTOR, AS SET FORTH IN ARTICLE 5(e) ABOVE IS THE EXCLUSIVE WARRANTY OF CONTRACTOR AND IS GIVEN IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY. CONTRACTOR HEREBY DISCLAIMS, AND A.H.C. HEREBY WAIVES, ANY WARRANTY EXPRESS OR IMPLIED, THAT THE MATERIALS OR WORKMANSHIP FURNISHED UNDER THIS CONTRACT ARE MERCHANTABLE OR FIT FOR ANY PARTICULAR PURPOSE.

#### ARTICLE 6 - CHANGES:

- (a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- A.H.C. shall be at liberty at any time to request (b) quotations from Contractor for alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. Representative (R.E. "Terry" White) at the shipyard shall be authorized to delete, alter, amend or change any item contained in the Specifications. A.H.C. will not accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. In response to A.H.C. Representative's request, Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations, and an estimate of the effect such change will have on a Redelivery Date of the Vessel. No work shall be undertaken unless A.H.C. and Contractor have agreed in writing upon the Change Order Price and effect on Redelivery Date, if any.
- (c) Contractor agrees that any work authorized in addition to the basic contract will be invoiced at a labor rate not to exceed \$35.00 per straight time manhour plus \$20.00

<u>premium</u> per overtime manhour with a <u>fifteen (15)</u> percent markup on material and subcontractors.

## ARTICLE 7 - INDEMNITIES:

- Contractor hereby agrees to indemnify, hold harmless and (a) defend A.H.C., its employees, officers, agents and Vessel, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury of damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.
- (b) Contractor, at its own expense, will pay all employees taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.
- (d) In any action wherein Contractor is obliquted indemnify hold harmless and defend A.H.C. as provided in ARTICLE 7(c) above, Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgment rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally determined, it being stipulated obligations for indemnity assumed herein by Contractor shall survive the termination of this regardless of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by attorneys, the expense of all of which shall

be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

#### ARTICLE 8 - CANCELLATION:

- (a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be canceled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work when occurring hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is canceled, and the date upon which such cancellation becomes effective.
- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - Stop work under the Contract on the date to the extent specified in the Notice of such cancellation;
  - Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the \*\*\* work as may not be canceled;
  - 3. Cancel all orders and subcontracts to the extent that they relate to the performance of any work canceled by the Notice of Cancellation;
  - 4. Settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - 5. To the extent, in the manner and at the time directed by A.H.C. transfer title and deliver:
    - (aa) The fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as part of, or acquired in connection with the performance of the work canceled by the Notice of Cancellation; and
    - (bb) The completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
  - 6. Complete performance of such part of the work as shall not have been canceled by the Notice of Cancellation; and

- 7. Take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.
- (c) Contractor shall be entitled to a reasonable cancellation charge for any portion of work canceled by A.H.C.
  Allowable components of such cancellation charge shall include:
  - 1. Reasonable costs allocable to the canceled Contract
    Work incurred by Contractor prior to receipt of the
    Notice of Cancellation;
  - Reasonable costs allocable to the canceled Contract
    Work incurred by Contractor after receipt of the
    Notice of Cancellation in settling, after review
    with A.H.C., any termination claims made by its
    subcontractors or suppliers, or in complying with
    any of the requirements of Article 8(b) above;
  - 3. Reasonable profit on the work performed by Contractor on the terminated Contract Work above costs incurred as identified in paragraphs (c)1. and (c)2. above.
  - 4. Reasonable costs for the preparation and settlement of Contractor's claim for a cancellation charge.
- \* (d) The cancellation charge for any portion of the Contract
  Work for which Notice of Cancellation is given shall not
  exceed the price of such work as set forth in
  Contractor's bid, attached hereto. (Relocated and
  revised Article 22.)

#### ARTICLE 9 - OLD MATERIALS:

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wishes to retain, all old materials removed from the Vessel during the work shall become Contractor's property upon Redelivery.

# ARTICLE 10 - INSURANCE:

(a) Contractor shall maintain at Contractor's expense during the term of this Contract Ship Repairer's Legal Liability Insurance in the amount of Ten Million U.S. Dollars (\$10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.

- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, \*\*\* evidencing that satisfactory coverage of type set forth above is in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. \*\*\*
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage in effect for the hull, machinery, crew, equipment and other merchandise owned by A.H.C. A.H.C. represents and warrants that, under the terms of such policies, coverage does not lapse as a consequence of the Vessel being out of service for the purpose of having the Contract Work performed. A.H.C. specifically waives on behalf of itself and its insurers all right to subrogation against Contractor, its subcontractors, officers, affiliates, agents, officers, directors and employees under such insurance.

#### ARTICLE 11 - FORCE MAJEURE:

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by events or circumstances of force majeure, which term shall include, but not be limited to Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities, explosions, fires, or vandalism, and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor gives notice to A.H.C. of the occurrence of a force majeure condition within two (2) days of Contractor becoming aware of its occurrence and takes all reasonable steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.).\*\* Contractor shall give notice of the extent of the delay to which it claims it is entitled within one (1) day after Contractor becomes aware that the condition which has caused The extension of Redelivery Date to which it has terminated. Contractor shall be entitled shall be equal to the period measured from that point in time when the condition of force majeure first occurs and continuing until the effect of such condition on Contractor's performance ceases.

#### ARTICLE 12 - TITLE:

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price.

Contractor shall promptly pay all indebtedness for materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver to A.H.C. a full release of liens for such indebtedness with affidavit to show that all bills for labor, materials, tools, and equipment incurred in the work have been paid prior to the final payment. Contractor shall not permit any such third party lien or charge to disrupt the schedule of the Vessel. If any such liens or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. Contractor does not act with sufficient promptness to avoid harm to A.H.C., A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C. Nothing in the foregoing Article shall be construed as a waiver by Contractor of its maritime lien in the Vessel subject to payment of the Contract Price.

#### ARTICLE 13 - ASSIGNMENT OF AGREEMENT:

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Contract Price (as it may be modified pursuant to the terms of this Contract) and all other amounts due under the Contract will be paid. Nothing in this Article shall be construed as requiring Contractor to obtain A.H.C.'s consent prior to entering into subcontracts in the ordinary course of business for the performance of portions of the Contract Work.

# ARTICLE 14 - APPOINTMENT OF A.H.C.'s REPRESENTATIVE(S):

Authority to give direction, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advises except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C. Representative" within the terms of this Contract until his designation to act as such shall be revoked.

3060001 -11-

#### ARTICLE 15 - COMPUTATION OF TIME:

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and Holidays.

#### ARTICLE 16 - IDENTIFICATION:

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the Vessel.

#### ARTICLE 17 - NO THIRD PARTY BENEFICIARIES:

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

#### ARTICLE 18 - JOINT PROVISIONS:

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expressed the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid, illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article headings are for identification purposes only.

#### ARTICLE 19 - NOTICES:

Any notice under this Contract shall be in writing or telex addressed to the following Representatives:

#### For A.H.C.

For Contractor

R.E. (Terry) White, V.P. Marine Operations

or

P. Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii

3060001 -12-

#### ARTICLE 20 - LAW:

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the <u>maritime law of the United States and the law of the State of California</u>.

#### ARTICLE 21 - DISPUTES/ARBITRATION:

All claims, disputes and controversies between the parties arising out of, or relating to this Contract or the breach thereof shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this paragraph. Either party may initiate arbitration proceedings by giving notice to the other of its intent to arbitrate within sixty (60) days after the claim, dispute or controversy has arisen. All said proceedings will be brought in San Francisco, California. The claim or dispute shall be determined by a single arbitrator. In the event the parties are unable to agree on an arbitrator, the arbitrator shall be appointed by the American Arbitration Association under the Commercial Arbitration rules then in effect. The arbitrator shall determine the claim or dispute in accordance with (i) the language of this Agreement, (ii) the general maritime laws of the United States and (iii) the laws of the State of California. The award rendered by the arbitrator will be final. Judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal. The prevailing party shall be entitled to recover its reasonable attorney's fees which may be set by the arbitrator in the same proceeding. The prevailing party shall also be entitled to recover all costs and fees paid for the arbitration. Submission to arbitration shall not be construed as a waiver by Contractor of its maritime lien on the Vessel arising from work performed and/or materials furnished under this Contract. Provided, however, that Contractor will seek arbitration as a method of dispute resolution prior to instituting an action to foreclose its maritime lien.

#### ARTICLE 22 - TRIM OF VESSEL:

If the Vessel is to be removed from the water, it must be on an even keel abeam and trimmed so that the difference in fore and aft trim shall not exceed one (1) foot per one hundred (100) feet. If the Vessel is out of trim, it shall be removed from the water at A.H.C.'s sole risk. The trim of the Vessel shall not be changed between the time of haul out and launch unless Contractor is first notified in writing.

#### ARTICLE 23 - ACCESS TO SHIPYARD:

A.H.C. and its agents, employees and independent contractors shall not be permitted to enter Contractor's shippard unless authorized in advance and in writing by Contractor. All such authorized persons shall enter and remain in Contractor's shippard at their sole risk and shall comply with all safety and security rules

3060001 -13-

established from time to time by Contractor. Such rules and regulations include, but are not limited to, the following:

- (a) A.H.C. or its designated representative shall supply Contractor with a list of the names of A.H.C.'s agents, employees and independent contractors. No person shall be allowed in Contractor's shipyard unless his name is on said list. A.H.C. shall immediately notify Contractor of any additions or deletions to said list.
- (b) A.H.C.'s agents, employees and independent contractors shall be required to log in and out of Contractor's shipyard. All such individuals shall enter and leave the 2shipyard on a direct route to and from the Vessel.
- (c) All individuals entering Contractor's shippard shall be attired with appropriate footwear and safety head gear.
- (d) All individuals removing property from Contractor's shipyard shall be required to carry and present an authorized property pass.
- (e) Smoking or use of an open flame in any area of Contractor's shipyard may be declared a hazard at any time and may be restricted or prohibited. A.H.C. shall enforce such restrictions or prohibitions with respect to his agents, employees, and independent contractors and if he fails to do so, the expense of fire watch personnel shall be charged to A.H.C.

AMERICAN HAWAII CRUISES, a corporation	NORTHWEST MARINE, INC., an Oregon corporation, a Division of Southwest Marine, Inc.			
By: R.E. White Vice President Marine Operations	By: William N. Johnston Senior Vice President			
By:P. Bianchi Senior Vice President Operations				

CSPY

SS INDEPENDENCE

JANUARY 1991

DRYDOCK CONTRACT

### AMERICAN HAWAII CRUISES HONOLULU, HAWAII

and

NORTHWEST MARINE IRON WORKS, INC. PORTLAND, OREGON

#### TABLE OF CONTENTS

ARTICLE	TITLE	
1	Scope of Work	
2	Specifications and Other Requirem	nents
3	Total Contract Price	
4	Terms of Payment	
5	Inspection	4.5
6	Changes	
7	Indemnities	
8	Cancellation	-2 -2 -3
9	Old Materials	•
10	Insurance	e Vitalia
11	Force Majeure	
12	Title	æ*
13	Assignment of Agreement	
14	Appointment of American Hawaii Cr	ruises
	Representative (s)	
15	Computation of Time	e fluir B M
16	Identification	
17	No Third Party Beneficiaries	
18	Joint Provisions	
19	Notices	· ·
20	Law	et.
21	Venue	÷
22	Unit Pricing for Changes or Cance	ellation

THIS CONTRACT made and entered into this \_\_\_\_\_\_, and between AMERICAN HAWAII CRUISES with its principal offices located at 550 Kearney Street, San Francisco, California 94108 (hereinafter "A.H.C."), and NORTHWEST MARINE IRON WORKS, INC., with offices located at Portland, Oregon, (hereinafter "Contractor").

WHEREAS, American Hawaii Cruises desires to contract for the repair and/or modification of the passenger vessel SS INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of American Hawaii Cruises, and applicable government regulations, (hereinafter the "Regulations") and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modifications work at Portland, Oregon.

NOW, THEREFORE, in consideration of the mutual and dependent covenant contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

#### ARTICLE 1 - SCOPE OF WORK:

- (a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor on January 10, 1991, at the Contractor' shipyard at Portland, Oregon. Any delay beyond the date stated above shall not automatically extend the Redelivery Date (as defined below); however, in such event the scope of work is to be adjusted pursuant to Article 6 and/or 8 in order to maintain the Redelivery Date.
- (b) Modification work shall be in strict accordance with the specifications attached hereto as Exhibit A (hereinafter the "Specifications", and hereby incorporated into and made a part of this Contract) the rules and regulations of the Classification Society and the Regulations. The Contractor shall do everything agreed to by the Contractor or required of the Contractor pursuant to the terms of this Contract and the Specifications, the performance of any work authorized under Article 6 and the installation of any outfitting and equipment, which shall be referred to as the "Contract Work"), all for the Total Contract Price (as defined in Article 3).
- (c) It is understood that, except for those items listed as Owner Furnished Equipment in Exhibit B attached hereto, (hereinafter the "Owner Furnished Equipment") the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.

- (d) The Contract Work shall be commenced after the Vessel is delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire", Marine Chemist to be provided by shipyard to test and certify for "Gas Free" environment and shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations under this Contract, including labor, materials, supplies and equipment necessary for the completion of the Contract Work.
- (e) Redelivery Date. The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.
- (f) No modification or amendment shall be made to the Specifications, except by written Change Order pursuant to Article 6. Any details of sizes and materials given in the specifications are for Contractor's guidance and estimating purposes only and are reasonably accurate.

However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provide, however, that if the particulars and dimensions and quantities vary by 20%, Contractor and A.H.C. shall reflect those changes in a written Change Order to reflect the accuracy of the scope of work with modification for redelivery Date, if required, and agreed to by the parties. It is further understood that a penalty of One Million Five Hundred Thousand Dollars (\$1,500,000.00), will be payable to A.H.C. in the event a failure to deliver on the Redelivery Date, as may be modified by Change Order. The Redelivery Date is set at midnight (2400 hours) the 25th day of January 1991 (Pacific Standard Time).

#### ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS:

- (a) The approval of all agencies charged with enforcing the Regulations (said agencies to be referred to hereafter as the "Agencies") will be obtained by Contractor so that the Vessel will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Society and the Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good shipbuilding practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the

specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed Vessel will conform to the intended design required.

#### ARTICLE 3 - TOTAL CONTRACT PRICE:

- (a) A.H.C. agrees to pay Contractor the following fixed sum as the Total Contract Price for the basic contract work in compliance with this Contract.
- (b) Total Contract Price is estimated to be approximately \$2,065,578.00 U.S. Dollars.
- (c) The Total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

#### ARTICLE 4 - TERMS OF PAYMENT:

(a) Except for payment for changes authorized pursuant to Article 6, A.H.C. shall pay Contractor for the Contract Work to be performed hereunder the Total Contract Price set forth above in the following manner:

-20% of the original bid price on Redelivery as defined in Article 1 (f).

-30% 30 days after departure, of the agreed adjusted balance to include all change order adjustments, additional and deletions after receipt of invoice.

-The remaining mutually agreed 50% 60 days after the departure of the vessel.

- (b) All payments for changes above referred to shall be made in U.S. dollars and paid by wire transfer to Contractor's Bank and account. Where costs of changes are subsequently quoted, payment thereof shall be made in the same manner.
- (c) Contractor agrees that payment terms for repair work specified Items 501 and 502 will be as follows:

On or before May 1, 1991, payment will be made to Contractor by various insurance underwriters pursuant to the payment authorizations attached hereto as Exhibit a. In the event that payments have not been received in accordance with the previous sentence, then A.H.C. will advance all remaining amounts owed Contractor herein on May 1, 1991. If any funds are received by Contractor after advances shall have been made by A.H.C. to Contractor in accordance with this subparagraph shall

have exceeded the total amount of insurance and repairs then Contractor shall immediately pay such excess to American Hawaii Cruises. Contractor agrees to preserve its claim against the underwriters after the advance of funds by A.H.C. referenced above in order to effect the reimbursement to A.H.C. contemplated above.

#### ARTICLE 5 - INSPECTION:

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- (b) Contractor shall give notice to the Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right, but not the obligation to inspect, approve or reject the work at that time. In the event A.H.C. does inspect the work, the Representative (s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the Representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be required to demonstrate that such defects have been corrected.
- (c) If Contractor refuses to correct any such defects or perform any such additional tests or inspections requests by A.H.C. or if Contractor refuses to carry out any requested of A.H.C. on the ground that the request of A.H.C. constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. immediately in writing in no more that two (2) days following request.

In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a Change Order request pursuant to Article 6 setting for the manner in which it feels this Contract and the Specifications must be modified to have the work

performed, modified or corrected as requested by A.H.C., A.H.C. shall immediately:

(i) Authorize the Change Order.

(ii) Withdraw its objection

- (iii) Direct Contractor to proceed with the work directed by A.H.C.; cost of such work to be negotiated within 21 days after Vessel's departure.
- (d) Acceptance or failure to object to any materials or work by any of it obligations under this Contract or the Specifications: Defects appearing in any stage of the work shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1 (e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60 days of the redelivery date.

#### ARTICLE 6 - CHANGES:

- (a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- A.H.C. shall be at liberty at any time to request alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. Representative (R. E. {Terry} White ONLY) at the shipyard shall be authorized to delete, alter or amend or change any item contained in the Specifications. A.H.C. will no accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations and no work shall be undertaken unless Contractor's fixed price has been approved in writing by A.H.C.'s authorized Representative and must not affect the Redelivery of the Vessel. Contractor immediately advise A.H.C. in writing, of any addition, deletion, alteration or change which may result in an extension of the Redelivery Date of the Vessel. No addition, deletion, alteration or change which may result in an extension of the Redelivery Date may be undertaken or effected without the prior written consent of Mr. R. E. White.

(c) Contractor agrees that any work authorized in addition to the basic contract il be invoiced at a labor rate not to exceed \$35.00 per straight time manhour plus \$20.00 per overtime manhour with a 15% markup on material and subcontractors.

#### ARTICLE 7 - INDEMNITIES:

- (a) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury of damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.
- (b) Contractor, at its own expense, will pay all employees taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and all such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.
- (d) Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgement rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally determined, it being stipulated that all obligations for indemnity assumed herein by Contractor shall survive the termination of this Contract, regardless of how such

claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

#### ARTICLE 8 - CANCELLATION:

- (a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be cancelled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is canceled, and the date upon which such cancellation becomes effective.
- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - Stop work under the Contract on the date to the extend specified in the Notice of such Cancellation;
  - Place no further order or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work to restore that under the Contract as may not be canceled;
  - 3. Cancel all orders and subcontracts to the extent that they relate to the performance of any work canceled by the Notice of Cancellation;
  - 4. Settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - 5. To the extent, in the manner and at the time directed by A.H.C. transfer title and deliver:
    - (aa) the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of the work canceled by the Notice of Cancellation; and
    - (bb) the completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
  - 6. Complete performance of such part of the work as shall not have been canceled by the Notice of

Cancellation; and

7. Take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.

#### ARTICLE 9 - OLD MATERIALS:

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wished to retain, all old materials removed from the Vessel during the work shall remain Contractor's property upon Redelivery.

#### ARTICLE 10 - INSURANCE:

- (a) Contractor shall maintain at Contractor's expense during the term of this Contract insurance in the amount of Ten Million U.S. Dollars (10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.
- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, naming A.H.C. as an additional insured and evidencing that satisfactory coverage of types set forth above are in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. Said certificate shall provide that the Insurer or Insurers have waived and do waive any rights of subrogation which it or they have against A.H.C.
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C.

#### ARTICLE 11 - FORCE MAJEURE:

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor give notice to A.H.C. of the occurrence of any of the above described events within on (1) day of its occurrence, takes al steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.) and that Contractor give notice of the extent of the delay to which it claims it is entitled within one (1) day after the condition which has caused it has terminated.

#### ARTICLE 12 - TITLE:

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price. shall promptly pay all indebtedness for labor, materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver a full release of lens for such indebtedness with to show that all bills for labor, materials, tools, equipment, etc., incurred in the work have been paid prior to the final payment. Contractor shall not permit any such lien or charge to disrupt the schedule of the Vessel. If any such liens or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. Contractor does not act with sufficient promptness to avoid harm to A.H.C. , A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C.

#### ARTICLE 13 - ASSIGNMENT OF AGREEMENT:

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Total Contract Price (as it may be modified pursuant to the terms of this Contract) will be

paid.

#### ARTICLE 14 - APPOINTMENT OF A.H.C.'s REPRESENTATIVE (s):

Authority to give direction, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advises except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C." Representative" within the terms of this Contract until his designation to act as such shall be revoked.

#### ARTICLE 15 - COMPUTATION OF TIME:

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and Holidays.

#### ARTICLE 16 - IDENTIFICATION:

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the Vessel.

#### ARTICLE 17 - NO THIRD PARTY BENEFICIARIES:

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

#### ARTICLE 18 - JOINT PROVISIONS:

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expressed the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid,

illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article Headings are for identification purposes only.

#### ARTICLE 19 - NOTICES:

Any notice under this Contract shall be in writing or telex addressed to the following Representatives:

#### For A.H.C

R. E. (Terry) White, V.P. Marine Operations

or

P. Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii 98613

#### For Contractor

William H. Zavin, II, Sr. V.P. Northwest Marine Iron Works, a subsidiary of Southwest Marine 5555 N. Channel, Bldg. 2 Portland, Oregon 97217

with a copy to

Lloyd A. Schwartz, Sr. V.P. Law P. O. Box 13308 San Diego, California 92113

#### ARTICLE 20 - LAW:

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the Maritime laws of the United States.

#### ARTICLE 21 - VENUE:

A.H.C. and Contractor hereby agree that venue for the settlement of any and every claim, dispute, difference, or question arising out of or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

#### ARTICLE 22 - UNIT PRICING FOR CHANGES OF CANCELLATION

Anything else in this Contract notwithstanding the agreed cost of all agreed changes and the value of all canceled work shall be based upon the prices set forth in the Contractor's bid attached hereto. Said prices are for the purposes of valuation of agreed changes and cancellation only.

#### AMERICAN HAWAII CRUISES:

BA:				
	R.	Ε.	WHITE	
	Vi	ce 1	President	

Marine Operations

P. BIANCHI Sr. Vice President Operations

NORTHWEST MARINE IRON WORKS, INC., a subsidiary of SOUTHWEST MARINE, INC.

WILLIAM H. ZAVIN

Sr. Vice President

REW: sma

NLH318-90



December 6, 1990

Mr. Bill Zavin NORTH WEST MARINE IRON WORKS 5555 N. Channel Ave Building 2 Portland, Or. 97217

#### Dear Sir:

The time has come upon us once again to pull things together for the SS INDEPENDENCE drydocking.

- 1. Please provide a complete list of TRANSPAC contractors, (identifying which are supervisors and which are laborers). Also, include their social security numbers, by December 28, 1990.
- 2. Provide proof of liability insurance as stated in "Term of Agreement", if you have not already done so.
- 3. Due to the large amount of materials that must be loaded onboard ship on January 5, 1991, we are requesting that all contractors bring their own materials and tools to the American Hawaii Cruises loading dock by 7:00 A.M. on January 5, 1991.
- 4. Please clearly mark all your items for easy identification and shipboard placement.
- 5. All contractors traveling TRANSPAC shall be at Pier 10 by 7:00 A.M., January 5, 1991, to assure that their equipment is loaded as quickly as possible.
- 6. All contractors shall be responsible for moving their materials and equipment from staging areas on the ship to designated work and storage areas.

7. The ship will be departing from Pier 10, Honolulu, at 12:00 noon on January 5, 1991, and is scheduled to arrive in Portland on January 10, 1991.

8. The ship is scheduled to depart Portland on January 26, 1991 and return to Honolulu on January 31,1991, at which time the vessel will be returned to service.

With your help and consideration, we hope to make this a productive and successful drydocking. If you have any special problems or questions, please contact me as soon as possible.

P.W. RUCKS

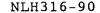
Hotel M & R

PWR:nh

cc: P. Bianchi

T. White

H. Hesselberg





December 5, 1990

#### TO ALL CONTRACTORS:

To expedite loading, and the boarding process for the SS INDEPENDENCE 1991 dry dock, we have made alternations in the previous dry dock departure routine. New plans are as follows:

- At 0700 hours on January 5, 1991, all contractor 1. supervisors are to meet with P.W. Ruckstein in our Honolulu office conference room. Cruise tickets, passes and other information on dry dock will be issued.
- Supervisors are responsible for distribution of tickets 2. and passes to their crew prior to embarkation.
- At 0800 1200 hours, contractors are to board the 3. SS INDEPENDENCE and began loading equipment, tools and materials as scheduled on the loading list.
- 4. Contractor supervisors are to meet with the Hotel Manager and Chief Purser to check-in their respective crews and receive cabin keys at 1130 hours.
- At 1200 hours, vessel departure scheduled. 5.
- 6. On Saturday, January 5, 1991, contractor lunch has been rescheduled to 1300 hours.
- Contractors are to pick up linen from the 3RD Steward 7. between 1300 - 1400 hours.

With your help and consideration, we hope to make this a productive and successful dry docking. If you have any special problems or questions, please contact me as soon as possible.

R.W. RUCK Hotel M &

P. Bianchi cc:

T. White

H. Hesselberg

Master - SSI

Hotel Manager - SSI



December 4, 1990

Mr. Peter Bianchi Senior Vice President - Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

Dear Peter;

This confirms the agreement we reached over the telephone on December 3, 1990 regarding the SS Independence Contract.

American Hawaii Cruises and Northwest Marine agreed that Northwest Marine will sign the contract in the form presented by you. In that discussion we agreed Northwest Marine will not be liable for the \$1.5 million penalty for late redelivery if we are able to complete any work unfinished on the Redelivery Date while the ship is returning to Honolulu. If the vessel is ready for its next scheduled cruise and thereby avoids causing any loss of revenue to American Hawaii Cruises, we will have fulfilled our obligations under the contract.

Based upon that agreement, I have signed the contract. Two copies are enclosed. Please countersign this letter and one copy of the contract and return them to me for our files.

As always, we look forward to working with you.

Very truly yours,

William H. Zavin, II

Senior Vice President

Enclosures

cc: Bill Johnston

**AMERICAN HAWAII CRUISES** 

Ву	
Title	

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON



Mill)
HANTY

December 4, 1990

Mr. Bill Zavin Northwest Marine Iron Works 5555 N. Channel Avenue Portland, Oregon 97217

Dear Bill:

As we are in the process of finalizing our preparations for the dry dock of the S.S. INDEPENDENCE in Portland, I would like to take this opportunity to reiterate an item of particular importance to American Hawaii Cruises. Mr. Terry White is to be the only representative of American Hawaii Cruises authorized under the terms of the contract to issue changes to the scope of work for the S.S. INDEPENDENCE. Provisions Article 6, Paragraph B regarding change orders are to be strictly adhered to.

I would like to take this opportunity to wish you and your staff a Merry Christmas and Happy New Year and once again, we look forward to a mutually beneficial relationship for Northwest Marine Iron Works and American Hawaii Cruises.

Sincerely,

AMERICAN HAWAII CRUISES

P. Bianchi

Senior Vice President

PB:kc

cc: T. White

H. Hesselberg

DEC 03 '90 05:15PM SOUTHWEST MARINE SAN DIEGO

P.2/2

December 3, 1990

Mr. Peter Bianchi Senior Vice President-Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

Dear Peter:

This confirms the agreement we reached over the telephone on December 3, 1990 regarding the SS Independence Contract.

American and Northwest agreed that Northwest will sign the contract in the form presented by American but that Northwest will not be liable for the \$1.5 million penalty for late redelivery if Northwest is able to complete any work unfinished on the Redelivery Date while the ship is returning to Hawaii, or prior to the ship's next scheduled cruise, and thereby avoids causing any loss of revenue to American  $\#M_{A,Q}$ 

Based upon that agreement, <u>Bill Johnston has</u> signed the contract. Two copies are enclosed. Please countersign this letter and one copy of the contract and return them to me for our files.

As always, we look forward to working with you.

Very truly yours,

Wiliam H. Zavin, II

Enclosures

AMERICAN HAWAII CRUISES

$\mathbf{B}_{\mathbf{V}}$	
Title:	
	<del></del>

3010002

# SOUTH WEST WARINE

#### **MEMORANDUM**

To:

William N. Johnston

From:

Robert A. White

Date:

November 9, 1990

Subject:

SS Independence Contract

The A.H.C. contract with proposed revisions, as further revised after our telephone conversation today, is enclosed. If you have any questions, please call me at extension 2751.





November 8, 1990,

Mr. Bill Zavin

North West Marine Iron Works

P.O. Box 3109

5555 Channel Ave.

Bldq / 2

Port/land, Or. 97127

Dear Mr. Zavin:

Enclosed for your review and signature is the contract for the dry docking work package for the SS INDEPENDENCE.

American Hawaii Cruises is looking forward to a successful dry docking and repair period in January 1991 at your facility in Portland, Oregon.

I trust that the contracts enclosed will meet with your approval. Please execute both copies and return them to our office for our signature. At that time we will return one fully executed copy to you for your records.

If you have any questions please contact me at (808) 521-0384. Your prompt attention to this would be most appreciated, we are looking forward to seeing you after the first of the year.

Very truly yours,

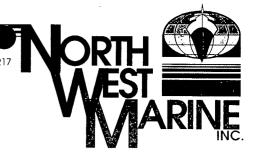
R. E. WHITE

Vice President

Marine Operations

cc: P. Bianchi

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



#### <u>MEMORANDUM</u>

TO:

LLOYD SCHWARTZ

FROM:

GEORGE RIDDLE

DATE:

OCTOBER 30, 1990

SUBJECT:

S.S. INDEPENDENCE

We have been notified by American Hawaii Cruises they wish to award the contract for the annual drydocking and associated repairs, to Northwest Marine, pending finalization of a mutually agreed contract.

Bill Zavin has asked me to forward the enclosed contract, as proposed by AHC, for your review. Both Bill Zavin and Bill Johnston have emphasized that we do not want to concede any right to lien the vessel if we so wish.

Since all parties concerned wish to begin the preplanning process, it is requested that your comments be submitted to Bill Johnston or Bill Zavin by next Monday, November 5th.

Thanks.

George Riddle

c.c. Bill Johnston

Bill Zavin

Dick Camacho

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON



137-90

Ser SMA62-90

ROD 4 SEPGU

August 31, 1990

MR. BILL ZAVIN
N.W. Marine Iron Works
P.O. Box 3109
Portland, Oregon 97208

Dear Mr. Zavin:

This is to invite you to submit your most competitive bid for the anticipated docking and repair of the SS INDEPENDENCE. The vessel will arrive at your facility on or about January 10, 1991, and depart your facility on or about January 26, 1991.

Questions concerning the scope of work or interpretation of specifications are to be directed to the undersigned. A Bidders Conference will be held at 9:00 AM on Friday, September 21, 1990, in our office at 604 Fort Street in Honolulu, Hawaii. The vessel will also be available for examination on September 22, 1990, in Honolulu. You are encouraged to attend on these dates to insure that your understanding of the specifications is appropriate, and the ship-check is highly recommended prior to submittal of your bid. Many components of the vessel are constructed of asbestos bearing materials. All prices quoted must include the costs of abatement in accordance with all applicable statutes and regulations

Prices quoted for the bottom plate renewal must include the cost of removal and replacement of pig iron ballast in #12 double bottom tanks. All prices are to be quoted on a perline item basis, and American Hawaii Cruises will retain the right to cancel any line item prior to the commencement of work.

Bids must be submitted so as to arrive in our office prior to the close of business (1630 HST) on October 1, 1990. Please seal your bid in an envelope marked SS INDEPENDENCE Dry-dock Repair Bid, and the name of your firm. This envelope should be sealed in a second envelope addressed as follows:

> Mr. Peter Bianchi Sr. Vice President, Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

MR. BILL ZAVIN August 31, 1990 Page 2 of 2

The successful bidder will be that firm which offers American Hawaii Cruises the best combination of price, quality of work, terms, and other conditions deemed appropriate by American Hawaii Cruises Management. The successful bidder must be prepared to accept payment for specified bottom plate and turbine repairs directly from our underwriters.

Your favorable response to this bid solicitation will be most appreciated. We look forward to hearing from you on October 1, 1990.

Very truly yours,

R. E. (Terry) WHITE

Vice President

Marine Operations

REW: sma

cc: P. Bianchi

## SS INDEPENDENCE JANUARY 1991 DRYDOCK CONTRACT

AMERICAN HAWAII CRUISES Honolulu, Hawaii

and

#### TABLE OF CONTENTS

ARTICLE	TITLE
1	Scope of Work
2	Specifications and Other Requirements
3	Total Contract Price
4	Terms of Payment
5	Inspection
6	Changes
·7	Indemnities
8	Cancellation
9	Old Materials
10	Insurance
11	Force Majeure
12	Title
13	Assignment of Agreement
14	Appointment of American Hawaii Cruises Representative (s)
15	Computation of Time
16	Identification
17	No Third Party Beneficiaries
18	Joint Provisions
19	Notices
20	Law
21	Venue
22	Unit Pricing for Changes or Cancellation

THIS CONTRACT I	made and enter	ed into th:	is			<i>1</i>
and between Al	MERICAN HAWAI	I CRUISES	with	its p	rincipal	offices
located at 550	O Kearney Str	eet, San	Franci	isco,	Californi	a 94108
(hereinafter "A	1.H.C."), and_			· · · · · · · · · · · · · · · · · · ·		
with offices lo						
(hereinafter "	Contractor").				•	

WHEREAS, American Hawaii Cruises desires to contract for the repair and/or modification of the passenger vessel SS INDEPENDENCE (hereinafter the "Vessel") in compliance with the requirements of American Hawaii Cruises, and applicable government regulations, (hereinafter the "Regulations") and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modifications work at Portland, Oregon.

NOW, THEREFORE, in consideration of the mutual and dependent covenant contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

#### ARTICLE 1 - SCOPE OF WORK:

- (a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor on January 10, 1991, at the Contractor' shipyard at \_\_\_\_\_\_. Any delay beyond the date stated above shall not automatically extend the Redelivery Date (as defined below); however, in such event the scope of work is to be adjusted pursuant to Article 6 and/or 8 in order to maintain the Redelivery Date.
- (b) Modification work shall be in strict accordance with the specifications attached hereto as Exhibit A (hereinafter the "Specifications", and hereby incorporated into and made a part of this Contract) the rules and regulations of the Classification Society and the Regulations. The Contractor shall do everything agreed to by the Contractor or required of the Contractor pursuant to the terms of this Contract and the Specifications, the performance of any work authorized under Article 6 and the installation of any outfitting and equipment, which shall be referred to as the "Contract Work"), all for the Total Contract Price (as defined in Article 3).
- (c) It is understood that, except for those items listed as Owner Furnished Equipment in Exhibit B attached hereto, (hereinafter the "Owner Furnished Equipment") the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.

- (d) The Contractor Work shall be commenced after the Vessel is delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire", Marine Chemist to be provided by shipyard to test and certify for "Gas Free" environment and shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations under this Contract, including labor, materials, supplies and equipment necessary for the completion of the Contract Work.
- (e) Redelivery Date. The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, dimensions and quantities, but Contractor has relied upon the Specifications and this Contract in estimating the Redelivery Date.
- (f) No modification or amendment shall be made to the Specifications, except by written Change Order pursuant to Article 6. Any details of sizes and materials given in the specifications are for Contractor's guidance and estimating purposes only and are reasonably accurate.

However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provide, however, that if the particulars and dimensions and quantities vary by 20%, Contractor and A.H.C. shall reflect those changes in a written Change Order to reflect the accuracy of the scope of work with modification for redelivery Date, if required, and agreed it is further understood that a to by the parties. penalty of One Million Five Hundred Thousand Dollars (\$1,500,000.00), will be payable to A.H.C. in the event a failure to deliver on the Redelivery Date, as may be modified by Change Order. The Redelivery Date is set at midnight (2400 hours) the 25th day of January 1991 (Pacific Standard Time).

#### ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS:

- (a) The approval of all agencies charged with enforcing the Regulations (said agencies to be referred to hereafter as the "Agencies") will be obtained by Contractor so that the Vessel will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Society and the Regulations.
- (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good shipbuilding practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans incorporating the

specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure that the completed Vessel will conform to the intended design required.

#### ARTICLE 3 - TOTAL CONTRACT PRICE:

- (a) A.H.C. agrees to pay Contractor the following fixed sum as the Total Contract Price for the basic contract work in compliance with this Contract.
- (b) Total Contract Price is estimated to be approximately \*\*\*\*\*\*\_\_\_\_\_ U.S. Dollars.
- (c) The Total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

#### ARTICLE 4 - TERMS OF PAYMENT:

(a) Except for payment for changes authorized pursuant to Article 6, A.H.C. shall pay Contractor for the Contract Work to be performed hereunder the Total Contract Price set forth above in the following manner:

-20% of the original bid price on Redelivery as defined in Article 1 (f).

-30% 30 days after departure, of the agreed adjusted balance to include all change order adjustments, additional and deletions after receipt of invoice.

-The remaining mutually agreed 50% 60 days after the departure of the vessel.

- (b) All payments for changes above referred to shall be made in U.S. dollars and paid by wire transfer to Contractor's Bank and account. Where costs of changes are subsequently quoted, payment thereof shall be made in the same manner.
- (c) Contractor agrees that payment terms for repair work specified Items 501 and 502 will be as follows:

On or before May 1, 1991, payment will be made to Contractor by various insurance underwriters pursuant to the payment authorizations attached hereto as Exhibit a. In the event that payments have not been received in accordance with the previous sentence, then A.H.C. will advance all remaining amounts owed Contractor herein on May 1, 991. If any funds are received by Contractor after advances shall have been made by A.H.C. to Contractor in accordance with this subparagraph shall

have exceeded the total amount of insurance and repairs then Contractor shall immediately pay such excess to American Hawaii Cruises. Contractor agrees to preserve its claim against the underwriters after the advance of funds by A.H.C. referenced above in order to effect the reimbursement to A.H.C. contemplated above.

#### ARTICLE 5 - INSPECTION:

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- (b) Contractor shall give notice to the Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right, but not the obligation to inspect, approve or reject the work at that time. In the event A.H.C. does inspect the work, the A.H.C. Representative (s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work materials called for by the Contract or Specifications to be performed or furnished by Contractor is rejected by the Representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be required to demonstrate that such defects have been corrected.
- (c) If Contractor refuses to correct any such defects or perform any such additional tests or inspections requests by A.H.C. or if Contractor refuses to carry out any requested of A.H.C. on the ground that the request of A.H.C. constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. immediately in writing in no more that two (2) days following request.

In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a Change Order request pursuant to Article 6 setting for the manner in which it feels this Contract and the Specifications must be modified to have the work

performed, modified or corrected as requested by A.H.C., A.H.C. shall immediately:

(i) Authorize the Change Order.

(ii) Withdraw its objection

- (iii) Direct Contractor to proceed with the work directed by A.H.C.; cost of such work to be negotiated within 21 days after Vessel's departure.
- (d) Acceptance or failure to object to any materials or work by any of it obligations under this Contract or the Specifications: Defects appearing in any stage of the work shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- (e) Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1 (e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the extent that such defects manifest themselves within 60 days of the redelivery date.

#### ARTICLE 6 - CHANGES:

- (a) The Contractor shall not depart from the requirements of the Contract and the Specifications or make any changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- A.H.C. shall be at liberty at any time to request (b) alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. A.H.C. Representative (R. E. (Terry) White ONLY) at the shippard shall be authorized to delete, alter or amend or change any item contained in the Specifications. A.H.C. will no accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations and no work shall be undertaken unless Contractor's fixed price has been approved in writing by A.H.C.'s authorized Representative and must not affect the Redelivery of the Vessel. Contractor must immediately advise A.H.C. in writing, of any addition, deletion, alteration or change which may result in an extension of the Redelivery Date of the Vessel. Contractor must immediately advise A.H.C. in writing, of any addition, deletion, alteration or change which may result in an extension of the Redelivery Date of the Vessel. No addition, deletion, alteration or change

which may result in an extension of the Redelivery Date may be undertaken or effected without the prior written consent of Mr. R. E. White.

(c) Contractor agrees that any work authorized in addition to the basic contract il be invoiced at a labor rate not to exceed \$35.00 per straight time manhour plus \$20.00 per overtime manhour with a 15% markup on material and subcontractors.

#### ARTICLE 7 - INDEMNITIES:

- (a) Contractor hereby agrees to indemnify, hold harmless and defends A.H.C., its employees, officers, agents and vessels, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury of damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.
- (b) Contractor, at its own expense, will pay all employees taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.
- (c) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.
- (d) Contractor shall be obligated to bear the expense of investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgement rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally

determined, it being stipulated that all obligations for indemnity assumed herein by Contractor shall survive the termination of this Contract, regardless of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

### ARTICLE 8 - CANCELLATION:

- (a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be canceled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is canceled, and the date upon which such cancellation becomes effective.
- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - 1. Stop work under the Contract on the date to the extend specified in the Notice of such Cancellation;
  - 2. Place no further order or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work to restore that under the Contract as may not be canceled;
  - Cancel all orders and subcontracts to the extent that they relate to the performance of any work canceled by the Notice of Cancellation;
  - 4. Settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - 5. To the extent, in the manner and at the time directed by A.H.C. transfer title and deliver:
    - (aa) the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of the work canceled by the Notice of Cancellation; and
    - (bb) the completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.

- 6. Complete performance of such part of the work as shall not have been canceled by the Notice of Cancellation; and
- 7. Take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract, which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.

### ARTICLE 9 - OLD MATERIALS:

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wished to retain, all old materials removed from the Vessel during the work shall remain Contractor's property upon Redelivery.

### ARTICLE 10 - INSURANCE:

- (a) Contractor shall maintain at Contractor's expense during the term of this Contract insurance in the amount of Ten Million U.S. Dollars (10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.
- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, naming A.H.C. as an additional insured and evidencing that satisfactory coverage of types set forth above are in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. Said certificate shall provide that the Insurer or Insurers have waived and do waive any rights of subrogation which it or they have against A.H.C.
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C.

### ARTICLE 11 - FORCE MAJEURE:

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by Acts of God, war, arrest, strikes beyond the reasonable control of the Contractor, order or restraint by governmental authorities and considerations of the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor give notice to A.H.C. of the occurrence of any of the above described events within on (1) day of its occurrence, takes al steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.) and that Contractor give notice of the extent of the delay to which it claims it is entitled within one (1) day after the condition which has caused it has terminated.

### ARTICLE 12 - TITLE:

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price. Contractor shall promptly pay all indebtedness for labor.

promptly pay all indebtedness for Contractor shall materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver a full release of lens for such indebtedness with to A.H.C. to show that all bills for labor, materials, tools, equipment, etc., incurred in the work have been paid prior to the final payment. Contractor shall not permit any such lien or charge to disrupt the schedule of the Vessel. If any such liens or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. Contractor does not act with sufficient promptness to avoid harm to A.H.C. , A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C.

### ARTICLE 13 - ASSIGNMENT OF AGREEMENT:

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and nay assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the

Contractor has adequate assurance that the Total Contract Price (as it may be modified pursuant to the terms of this Contract) will be paid.

### ARTICLE 14 - APPOINTMENT OF A.H.C.'S REPRESENTATIVE (s):

Authority to give direction, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advises except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C." Representative" within the terms of this Contract until his designation to act as such shall be revoked.

### ARTICLE 15 - COMPUTATION OF TIME:

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and Holidays.

### ARTICLE 16 - IDENTIFICATION:

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the Vessel.

### ARTICLE 17 - NO THIRD PARTY BENEFICIARIES:

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

### ARTICLE 18 - JOINT PROVISIONS:

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expressed the agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder,

shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid, illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article Leadings are for identification purposes only.

### ARTICLE 19 - NOTICES:

Any notice under this Contract shall be in writing or telex addressed to the following Representatives:

For A.H.C

For Contractor

R. E. (Terry) White, V.P Marine Operations

or

P. Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii

### ARTICLE 20 - LAW:

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the Maritime laws of the United States.

### ARTICLE 21 - VENUE:

A.H.C. and Contractor hereby agree that venue for the settlement of any and every claim, dispute, difference, or question arising out of or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

### ARTICLE 22 - UNIT PRICING FOR CHANGES OF CANCELLATION

Anything else in this Contract notwithstanding the agreed cost of all agreed changes and the value of all canceled work shall be based upon the prices set forth in the Contractor's bid attached hereto. Said prices are for the purposes of valuation of agreed changes and cancellation only.

AME	RICAN HAWAII CRUISES:		
By:	·		
Δ,.	R. E. WHITE Vice President Marine Operations	P. BIANCHI Sr. Vice President Operations	
		_, a subsidiary of	
ву:		· · · · · · · · · · · · · · · · · · ·	
REW	:sma	· · · · · · · · · · · · · · · · · · ·	



# **MEMORANDUM**

To:

Bill Johnston

From:

Jack Handley

Date:

October 29,

Subject:

American Hawaii Cruises - Credit Follow-up

As reported in early 1989, American Hawaii Cruises' balance sheet does not provide much comfort and neither does their \$60 million negative equity. Neither did they do as well in bookings this year. However, they have the ability to pay and Ron Kott, their Financial Vice President, told me they have the highest backlog ever going into next year. They have asked for the following terms:

Completion of Contract Payable in 30 days

20% 30%

Payable in 60 days

50% or if needed, they would like to have terms of the 50% on three (3) monthly payments with interest (same as last year).

Also, AHC has there two vessels worth 50 and 60 million.

I recommend approval of their credit terms as requested.

cc: Bill Zavin Jim Nakamura PSRY INST. 3210.2

# **PSRY RESERVATION REQUEST**

PROJECT INFORMATION	SCHEDULER USE ONLY				
INITIAL REQUEST   MODIFICATION REQUEST   NO	DATE 18 05 96 TIME 1300				
PROJECT NAME 88 Independence CONTRACTOR					
LENGTH 683 BEAM 89 DEPTH GRT 20,250 TYP SCOPE OF WORK:	E CRUISE				
Docking Availability.					
RESERVATION DETAIL	SCHEDULER USE ONLY				
DATE REMA	RKS				
1ST DRYDOCK ARRIVAL 10091 DD 4.  DEPARTURE 261091					
2ND DRYDOCK ARRIVAL					
DEPARTURE					
DEPARTURE					
2ND BERTH ARRIVAL					
CONTRACT AWARDED YES I NO DOCUMENTS ATTAC REMARKS: CKANGE TO FIRM DOCUMENTS ATTAC SCHEDULER	CHED YOU				
	(didnatone)				
REQUEST ACTION	PSRY USE ONLY				
TIME DATE REMARKS	BY				
ACCEPTED					
REJECTED					
DEFINITE					
CONFIRMED					
NOTES AND CONDITIONS:					
O T					
OPERATIONS MANAGER					
Londmood	(SIGNATURE)				



NLH236-90

October 17, 1990

Mr. Herb Engel
N. W. Marine Iron Works, Inc.
P.O. Box 3109
5555 North Channel
Bldg. #2
Portland, Or. 97217

Dear Mr. Engel:

American Hawaii Cruises is pleased to advise you that we have awarded our Contract for the drydocking and repair of the SS INDEPENDENCE in January 1991 to Northwest Marine Iron Works, Inc. We are looking forward to a productive relationship with your firm and a successful drydocking for the SS INDEPENDENCE.

I will contact you in the very near future to arrange a time when we might meet to execute a Contract covering this work. In addition, I would like an opportunity to meet with your production staff to begin planning the work.

Very truly yours,

R. E. WHITE Vice President Marine Operations

REW:nh

cc: W. Zavin, Sr. Vice President - N.W. Marine Iron Works P. Bianchi, Sr. Vice President - American Hawaii Cruises



October 11, 1990

American Hawaiian Cruises 604 Fort Street, Honolulu, Hawaii. 96813

Attention: Mr. Peter Bianchi

Sr. Vice President, Operations

Subject: S.S. INDEPENDENCE

Gentlemen,

We wish to confirm certain item prices and understandings, as discussed yesterday with Mr. R. Camacho from our corporate offices at Southwest Marine.

- We will furnish the services of a marine chemist to certify the vessel safe for personnel and hotwork for a total amount of ...... \$ 3,000.00
- B. Additional costs for eight (8) more laydays, under Item No 105 will amount .....\$ 47,280.00
- We will overhaul and test the boiler safety valves, as detailed in specification Item No.413, for the total amount of...... \$ 6,500.00
- In addition to our price quoted for Item No. 429, we will furnish specified repair parts for an additional amount of......\$ 28,000.00
- For renewing bottom plating as detailed in Item No.502 of the specifications, we quote you a rate of .......... 7.50 per pound.

With regards to our general statement, relative to asbestos insulation and lagging, we wish to confirm our understanding as follows,

- 1. Quoted prices include removal and disposal costs, if necessary, in way of the specified workscope.
- 2. We will not be responsible for any asbestos contamination, which may be caused, by the ships crew or any subcontractor working directly for the Owner.

Should you require any additional information or clarification, please contact us at you convenience.

Yours Sincerely.

William M.

Sr. Vice President

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON



September 27, 1990 Via Telefax (503) 240-6600

William Zavin Northwest Marine Inc. P.O. Box 3109 Portland, OR 97208

Re: SS CONSTITUTION

Contract No. 4908-2 Items 157/159/162/225

Dear Bill:

American Hawaii Cruises agrees to the settlement for average repair for the account of the Salvage Association pertaining to the aforementioned change orders.

We understand that the settlement with Salvage Association will release underwriters from further claims on these items and American Hawaii Cruises will endeavor to resolve further invoice discrepancies directly with your company.

Sincerely,

Arthur P. Herman

ritu P. Herman

Staff Counsel

APH:dm

cc: Doug Granger, Salvage Association Terry White, American Hawaii Cruises, Honolulu Phil Dwivedy, Johnson & Higgins



FAXED:



September 25, 1990

Mr. Bill Zavin

N.W. Marine Iron Works

P.O. Box 3109

5555 N. Channel

Bldg 2

Portland, Or. 97217

Dear Mr. Zavin:

Further to the Contractors meeting of September 21, 1990, the following list of items are answers to the questions discussed during the meeting. Also, find attached two (2) amended items, (#309 and #316) rewritten for clarification.

These changes do not affect the deadline date for bid submissions of October 4, 1990.

ROD SCOBIE

Director of Engineering

RS:nh

enclosures

cc: P. Bianchi

T. White

R. Adams



March 29, 1990

Mr. Bill Zavin N.W. MARINE 555 North Channel Building 12 Portland, OR 97217

Dear Bill:

Attached for your review and discussion are comparative operating and balance sheet.

Hopefully, we can have a conference call tomorrow to review. I'll be available anytime except from 10:00 to 10:30 AM.

Sincerely,

Ronald A. Kott

Vice President, Finance

Rauld a. Noth

RAK/rzr 069:3

### AMERICAN GLOBAL LINE INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET FOR FISCAL YEARS 1989 & 1988

	1 .	l 1
ASSETS .	1989 UNAUDITED	1988
CURRENT ASSETS		
CASH & CASH EQUIVALENTS:		
UNRESTRICTED	1,293	2,558
RESTRICTED	1,331	981
TOTAL CASH & EQUIVALENTS	2,624	3,539
ACCTS RECEIVABLE	555	1,345
LESS ALLOHANCE	(158)	(240)
ACCOUNTS RECEIVABLE - NET	397	1,105
NOTES RECEIVABLE	0	4,656
LESS ALLOWANCE	ŏ	(4,656)
NOTES RECEIVABLE - NET	0	0
VESSEL INVENTORIES	733	778
PREPAID AIR FARE	1,206	1,292
PREPAID ADV & PROM	1,167	0
PREPAID EXPENSES	412	564
TOTAL CURRENT ASSETS	6,539	7,278
NONCURRENT ASSETS		
PROPERTY:	}	
VESSELS AND VSSL IMPRVMNTS	78,993	71 <b>.68</b> 6
OFC FURN, EQUIP, & LSHLD IMPRVMNTS	i 5,088 i	4,706
CAPITAL PROJECTS IN PROGRESS	1,800	3 <b>,09</b> 0
TOTAL PROPERTY	85,881	79,482
LESS ACCUMULATED DEPRECIATION	(37,894)	(32,874)
PROPERTY - NET	47,987	46,608
OTHER ASSETS:	ļ <del></del> -	
DEFERRED EXPENSES - NET	l 524 l	0.450
DEPOSITS AND OTHER		2,458
DEPOSITS AND OTHER	148	135
TOTAL OTHER ASSETS	672	2,593
ASSETS OF TERMINATED OPERATIONS	0	50
TOTAL NONCURRENT ASSETS	48,659	49,251
TOTAL ASSETS	55,198	56,529

	*****	*****
	İ	1
	1989	i 1988 i
LIABILITIES & STOCKHOLDERS' DEFICIT	UNAUDI TED	
***************************************		=======================================
LIABILITIES		
CURRENT LIABILITIES		
CURRENT PORTION-LT DEBT	4,543	14 000
ACCOUNTS PAYABLE	8,915	14,909     6,581
ACCRUED LIABILITIES:	8,513	0,301
DRYDDCK	2,118	1,694
PAYROLL & RELATED TAXES	1,499	2,157
UNINSURED CLAIMS	816	1,065
INTEREST	1,597	1,376
ADV/PROM/TRADEOUT	0	(254)
SHORE & VESSEL	250	874
ARC	7 <b>9</b> 9	1,089
SG&A	724	771
OTHER	1,087	1,339
TOTAL ACCRUED LIABILITIES	8,890	10,111
TOTAL CURRENT LIABILITIES	22,348	31,601
LONG-TERM LIABILITIES		<u> </u>
		i
UNEARNED GUEST REVENUE LIABILITY	21,179	22,609
ACCRUED INTEREST	291	j 0 i
LONG-TERM DEBT:		
SENIOR DEBT	58,000	54,917
UNSECURED DEBT	0	543
SUBORDINATED DEBT	14,000	12,000
TOTAL LONG-TERM DEBT	72,000	67,460
LIABILITIES OF TERMINATED OPERATIONS	122	938
TOTAL LONG-TERM LIABILITIES	93,592	91,007
TOTAL LIABILITIES	115,940	122,608
STOCKHOLDERS' DEFICIT		
PREFERRED STOCK	0	2,000
COMMON STOCK \$.001 PAR VALUE	1	2,000
ADDITIONAL PAID-IN CAPITAL	2,397	2,397
ACCUMULATED DEFICIT	(63,140)	
TOTAL STOCKHOLDERS' DEFICIT	(60,742)	(66,079)
TOTAL LIAB & STOCKHOLDERS' DEFICIT	55,198	56,529

AMERICAN GLOBAL LINE INC. AND SUBSIDIARIES COMPARATIVE OPERATING STATEMENTS FOR YEARS ENDED 12/29/89 & 12/30/88 (\$000)

	1	1
JWTFIN	1989	1988
03/26/90	UNAUDITED	ACTUAL
GROSS REVENUE		 
CRUISE REVENUE	104.364	91.876
CRUISE/LAND PACKAGE REVENUE	3,244	2,812
AIR REVENUE HOTEL REVENUE	25,322	20,891
SHORE EXCURSION REVENUE	8,430   7,845	8,117   6,940
ON-BOARD & OTHER	3,760	3,377
TOTAL GROSS REVENUE	152,965	134,013
MARKETING PROGRAMS		į
ON-BOARD CREDITS	(679)	(312)
FREE HOTEL	(4,449)	(4,720)
90-EARLY PAYMENT	(2,031)  	(1,974) 
TOTAL MARKETING PROGRAMS	(7,159) 	(7,006) 
TOTAL NET REVENUE	145,806	127,007
NON-VESSEL VARIABLE		
COMMISSIONS	13,943	12,214
AIR EXPENSE	31,948	27,302
HOTEL EXPENSE SHORE EXCURSION EXPENSE	6,657   5,086	6,132
OTHER VARIABLE EXPENSE	2,564	4,515   2,238
TOTAL NON-VESSEL VARIABLE	60,198	52,401
VESSEL EXPENSES		
CREW PAYROLL	19,972	18,631
OTHER CREW PERSONNEL	1,557	1,588
FOOD SUPPLIES	7,023	6,486
FUEL	3,967   4,969	4,163   4,093
OCEAN TERMINAL SERVICES	4,208	4,017
REPAIRS & MAINTENANCE ACCRUALS INSURANCE & OTHER	3,130   2,312	3,034   2,279
TOTAL VESSEL EXPENSES	47,138	44,291
S G & A		
SALARIES		4 037
BENEFITS/TAXES	5,160   1.600	4,937   810
OTHER PERSONNEL COSTS	407	383
TOTAL PERSONNEL COSTS	7,167	6,130
TRAVEL & ENTERTAINMENT	600	625
ADVERTISING TELECOMMUNICATIONS	8,920	9,407
OTHER COMMUNICATIONS EXPENSE	1,040   390	1,036   378
OFFICE RENT	857	757
OFFICE SUPPLIES	245	576
OTHER OFFICE EXPENSE DATA PROCESSING	115	183
OTHER PROFESSIONAL FEES	520   448	497   578
INSURANCE	176	138
TOTAL S G & A	20,478	20,305
OPERATING INCOME - CRUISE	17,992	10,010
OPERATING INCOME - LAND	(479)	0
OPERATING INCOME - CONSOLIDATED	17,513	10,010



March 16, 1990

America Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

Attention: Mr. Terry White

Dear Terry:

Enclosed is our pro forma invoice on the Undocking List costs for the CONSTITUTION.

Please examine this invoice and if you have any questions, or need any clarification of any item, please call me.

Thank you for allowing us to work on the CONSTITUTION. We hope to be of service to you in the future.

Sincerely,

William H. Zavin, II Senior Vice President

Commercial Contracting Activity

cc: Bill Johnston Hardy Scroggins





### INVOICE

MAIL PAYMENT TO: P.O. BOX 4000-58 PORTLAND, OREGON 97208

S/S "CONSTITUTION" and Owners c/o American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

DATE

3/16/90

OUR JOB NO.

4908

CUSTOMER'S ORDER NO.

CONTRACT NO.

49

INVOICE NO. TERMS 4908-3 Net

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

### CONSTITUTION

D.D. NO. 4 UNDOCKING LIST CLAIM PRO FORMA INVOICE

Northwest Marine, Inc. Straight Time Labor 1111 hours Northwest Marine, Inc. Premium Time Labor 609 hours	\$39,996.00 <u>9,744.00</u>
Total Northwest Marine Labor	\$49,740.00
Port of Portland Drydock .4 day @\$5,675.00/day	\$ 2,270.00
Port of Portland Crane 16 hours @\$75.00/hour	\$ 1,200.00
Tugs and Pilots CONSTITUTION Barge ROGUE	\$17,335.00
Barge QUINALT	\$ 1,576.00
Total	\$22,906.00
Mark up 10%	2,291.00
Sub-Total	\$74,667.00
Port of Portland Use Fee 5.79	% <u>4,256.00</u>
Total Invoice	\$78,923.00

PAST DUE PAYMENTS SHALL BEAR INTEREST AT THE HIGHEST LAWFUL RATE UNTIL REPAID, NOT TO EXCEED 11/2% PER MONTH.

CORRESPONDENCE ADDRESS P.O. BOX 3109 PORTLAND, OREGON 97208 PHONE (503) 285-7557

NORTHWEST MARINE SHIP SUP: JOB 4908 - CONSTITUTION LUNDMARK DEPARTURE DATE: 02/03/90 ARRIVAL DATE: 01/11/90 FINANCIAL PROJECTION (FULLY BURDENED) 02/13/90 02:23 PM **ESTIMATED** VARIABLE COSTS **ESTIMATED** INCURRED VARIABLE TOTAL VARIABLE COSTS TO GO COSTS THRU 02/12/90 47,988 0 47,988 STD HOURS 13,902 OVERTIME HOURS 13,902 0 0 61,889 TOTAL DIRECT HOURS 61,889 S/T LABOR DOLLARS 871.772 0 871.772 103,912 PREMIUM DOLLARS 103.912 0 MATERIAL 127,026 217,637 344,662 157,350 158,832 **SUBCONTRACTS** 1,482 P OF P - TARIFF 810 195,413 196,223 P OF P - USE & REHAB (5.72)172.024 0 172,024 VARIABLE OVHD 656,026 0 656,026 TOTAL VARIABLE COST 2,503.451 1,761,028 742.423 ------=========== ---------TOTAL PER NMIW **DOLLARS** LABOR HOUR ORIGINAL BID 2,875,649 510,556 SETTLED CHANGES ESTIMATED ADDITIONAL GROWTH TOTAL ESTIMATED CONTRACT PRICE 3,386,205 40.63 VARIABLE COST (2,503,451)(26.36)CONTRIBUTION MARGIN 882,754 14.26 FIXED OVERHEAD (407, 231)(5.50)GROSS MARGIN 475,523 8.76 G & A (173.909)(4.73)PROJECTED NET PROFIT (LOSS) 301.614 4.03 ============ NOTE - SOURCE OF PROJECTED COSTS ARE AS FOLLOWS: S/T LABOR RATE (FROM ACTUAL) \$14.09 /HR PREMIUM LABOR RATE (FROM ACTUAL) \$1.68 /HR VARIABLE OVERHEAD (PLAN 90) \$10.60 /HR FIXED OVERHEAD (PLAN 90) \$5.50 /HR G & A (PLAN 90) \$4.73 /HR BILLED TO DATE: \$0

PROJECT MGR:

SCROGGIN

NORTHWEST MARINE
CONSTITUTION LISTING
FINANCIAL PROJECTION (FULLY BURDENED)
02/13/90 10:55 AM

	VARIABLE COSTS INCURRED THRU 02/13/90	ESTIMATED VARIABLE COSTS TO GO	ESTIMATED TOTAL VARIABLE COSTS
STD HOURS - (ITEM 238) OVERTIME HOURS - (ITEM 238)	82 609	0	82 609
TOTAL DIRECT HOURS	691	0	691
S/T LABOR DOLLARS PREMIUM DOLLARS	9,191 5,093	0 0	9,191 5,093
TUGS P.O.P. TARIFF O/T DIFFERENTIAL FOR CATCH-UP ROGUE/QUINALT TUG DELAY P.O.P. USE & REHAB	17,335 3,993 3,098 1,576 2,889	0 0 0 0	17,335 3,993 3,098 1,576 2,889
(SEE ATTACHED FOR DETAILS ON D	IRECT COSTS)		
VARIABLE OVHD	7,325	0	7,325
TOTAL VARIABLE COST	50,500	0	50,500
		TOTAL DOLLARS	PER NMIW LABOR HOUR
PROJECTED PRICE LIKELY SETTLEMENTS OTHER SETTLEMENTS		57,573 0 0	
TOTAL ESTIMATED PRICE VARIABLE COST		57,573 (50,500)	
CONTRIBUTION MARGIN FIXED OVERHEAD		7,073	
GROSS MARGIN G & A		3,269 (3,269)	4.73 (4.73)
PROJECTED NET PROFIT (LOSS)		(0)	•
NOTE - SOURCE OF PROJECTED COS S/T LABOR RATE (FROM ACTUAL) PREMIUM LABOR RATE (FROM ACTUA VARIABLE OVERHEAD (PLAN '90) FIXED OVERHEAD (PLAN '90) G & A		\$13.30 \$7.37 \$10.60 \$5.50	/HR /HR /HR
BILLED TO DATE:	\$0	\$4.73 AMOUNT REC'D	/HR 0

NORTHWEST MARINE
JOB 4908 - CONSTITUTION
LISTING COST ANALYSIS
02/13/90

LABOR - (ITEM 238)

HOURS 691.0 ACTUAL \$ \$14,283.42

VARIABLE OH

@ \$10.60/HR \$7,324.60

TOTAL LABOR & OVERHEAD

\$21,608.02

### TUGS & PILOTS:

ASSUMPTION: Difference between Constitution move from DD #4 to Berth 305 and Rotterdam move from DD #4 and Berth 305 represents costs attributable to "listing."

	CONSTITUTION	ROTTERDAM	DELTA	
PILOTS	\$1,090.00	\$420.00	\$670.00	
TUGS	\$23,137.50	\$6,472.20	\$16,665.30	
	\$24,227.50	\$6,892.20	\$17,335.30	\$17,335.30

### PORT OF PORTLAND:

ASSUMPTION: Under normal circumstances, the Costitution should have undocked at 12:00 pm. Due to the listing, it wasn't undocked until 20:50.

Drydock:	Total Lays (1/23 - 1/27) Lays @ 12:00 Undocking	4.9 4.5	: ,
	Rate Per Tenth of Lay	0.4 5,675.32	
Total Drydocking			2,270.13
Cranes:	Total hours (per Lundmark) Avg Rate/hr -	16	
	(includes Rent & Labor)	74.86	
Total Cr	ane Service		1,197.76
Shore Po	wer Hook-Up:		
	Total Labor Hours	22.5	
	Normal Hook/Unhook	12.0	
	Additional "Listing" Labor	10.5	

Rate/Hr (Per Final DD invoice) 50.0

Total Shore Power Hook-Up

525.00

TOTAL ESTIMATED COST OF LISTING:

\$42,936.21

Note: The "listing's" cost impact on the critical path is of an intangible nature and is not included in the above cost. However, from my conversations with management, I have come up with a ballpark estimate on the critical path impact.

Additional men required for Catch-Up: 35
Hours worked per man: 12

Total additional Catch-Up hours required: 420

Amount @ \$21.35 / Hr. (Weekend Actual Rate) \$8,966.17

Less: Amount @ Straight Time: (\$5,867.91)

Additional Premium Required for Catch-Up: \$3,098.25

The "listing" also impacted tug charges on the "Barge Rogue" and "Barge Quinalt." The combined tug billing on these jobs was \$2,561. Of that amount, \$1,576 was charged for delay time. Both jobs have been final invoiced to the customer but not paid. Included in the invoices was coverage for the entire \$2,561 in tug billings.



# GIESY, GREER & GUNN, INC.

Multiple Line Claim Representatives

6600 S.W. 92nd Avenue, Suite #18 Telephone 503/245-9125 Portland, OR 97223 FAX: 503/245-8311

> BILL E. HAMMOCK President

Telex: 9102400445 Mailbox: 62946920

February 7, 1990

Ellen Vinck Southwest Marine, Inc. P.O. Box 13308 San Diego, CA 92113

## **EIRST REPORT**

RE: NORTHWEST MARINE IRONWORKS

Claimant: American Hawaii Cruise/SS Constitution

D/Loss: 1/27/90 Our File: 190-0201 MP

Dear Ellen:

This will acknowledge and thank you for the above captioned assignment received by phone on January 29, 1990. Contact was made on January 29, and a meeting was held on January 30, 1990 with the personnel from Northwest Marine.

During the course of this meeting, a combined statement was taken from the following personnel: Jerry Hooper, Doug Taylor, Jon Donner, and Bill Lundmark. This report is based as a compilation of information obtained from the various individuals.

BRIEF OVERVIEW OF SITUATION: Northwest Marine Ironworks has a contract with American Hawaii Cruises to do renovation work on the ship SS Constitution. Part of the work done by Northwest Marine involved work on a dry dock at the Port of Portland. Additional work could be done while the vessel was in the water. The cost of dry docking a vessel is approximately 6 times greater than the cost of doing the work in the water. When the vessel had reached a position in its repairs where it could be returned to the water, it would be economically feasible to do so.

On Saturday, January 29 when the vessel was being lowered into the water from dry dock, sometime around noon, the vessel tilted towards the right (starboard

٠....

#### OREGON:

HOME OFFICE PORTLAND 6600 S.W. 92nd Avenue, Suite 18 Portland, OR 97223 (503) 245-9125

SALEM P.O. Box 941 Salem, OR 97308 (503) 363-4166

EUGENE P.O. Box 10978 Eugene, OR 97440 (503) 683-6780

CORVALLIS P.O. Box 696 Corvallis, OR 97330 (503) 752-3489

MEDFORD P.O. Box 394 Medford, OR 97501 (503) 772-5206

#### WASHINGTON:

SEATTLE 155 N.E. 100th St., Suite 304 Seattle, WA 98125 (206) 527-1307

LONGVIEW P.O. Box 459 Longview, WA 98632 (206) 425-6740

TACOMA P.O. Box 9579 Tacoma, WA 98409 (206) 473-2990

# "New Location"

Bellinghorn P.O. Box 2156 Bellingham, WA 98227 FAX (206) 547-1542 Ph.: (206) 647-0511



Southwest Marine Page 2 February 7, 1990

RE: Northwest Marine Ironworks

side), at first as much as 5 degrees and then over to approximately 18 degrees.

This tilting caused no physical damage to the ship, but the time involved in righting the ship and moving it to the proper location to continue repairs ended up costing approximately \$35,000 in extra expense and more importantly delayed for approximately 24 hours the scheduled work to be done by Northwest Marine.

By use of overtime and extra crews, the ship was not delayed in its scheduled departure time, but extra expenses would have been incurred for the overtime and extra crews.

BALLAST: In order to understand what happened, it is necessary to have a brief overview of a ballast system within a steel hulled vessel. As explained to me by Northwest personnel, every vessel has within it a ballast system, consisting of both of permanent ballast (ingots of pig iron) as well as various compartments within the hull that can be either flooded with water, or pumped dry, depending on the needs of the ship to keep it stabilized. It is the responsibility of the ship's engineer (in this case, Mr. Roger Sing) to provide, both to the dock, as well as to the Port of Portland the ballast configuration of the ship when it enters the port. addition, it is the responsibility of the ship's engineer to further monitor his own ballast system, as well as provide information as to how the ship should be ballast to the repairing personnel when the ship goes back into the water following dry docking.

In the enclosed material, are photocopies of the ballast configurations on the vessel that are pertinent to the claim in question. You will note, that the initials "mt" on the various holds indicate that that particular hold is empty. Full, of course, would indicate that that particular hold is full.

Northwest personnel indicate that they do not do any "soundings" (that is to say determination whether a particular hold is empty or full) and this is done

Southwest Marine Page 3 February 7, 1990

RE: Northwest Marine Ironworks

universally by ships personnel and it is the responsibility of the ships personnel.

CIRCUMSTANCES OF WORK: It is necessary to know a brief overview of some of the work being done by Northwest personnel before we can get to the primary and secondary causes of losses. Basically, the work involved repair work and maintenance on some of the holds used in the ballast system. To do this, it was necessary first of all, to move some of the permanent ballast from the port side to the starboard side. Basically, this was done only in the fore (front) part of the vessel, which is the top part of the enclosed photocopies. I am advised that we moved approximately 180 tons from the port side, mid point area in the front, to the starboard side. In addition, various ballast tanks were emptied during the course of repairs when the vessel was dry docked in order to make the necessary repairs.

SHIPS BALLAST INSTRUCTIONS PRIOR TO ACCIDENT: On January 22, 1990, Northwest Marine personnel advised Roger Sing, the ship's engineer that it was necessary to receive instructions as to how the ballast of the ship should be set up so that the ship could be returned from dry dock into the water on January 29. At this conversation, Mr. Sing was advised that 180 tons of permanent ballast was still off-centered onto the starboard side and needed to be compensated in giving Northwest personnel the instructions for filling or emptying the ballast tanks.

The highlighted copy of the tank status, dated January 22, 1990 (in the bottom right hand corner) were the instructions given by Mr. Sing, indicating how the tanks should be filled.

This ballast report is not accurate as to the condition of the vessel on January 22. Specifically, on the port side aft, hold No. 5 is listed as full. It subsequently turned out that this tank was empty.

It also appears, from a review of the request by the ship, that there was no compensation allowed for the 180 tons of permanent ballast offset onto the starboard side. In order to equalize this 180 tons, 360 tons of compensating ballast would have to be located somewhere on the port side in order for all things to be equal. This is so, since we have not just added 180 tons to the starboard side, we removed also 180 tons from the port side.

1 -- --

Southwest Marine, Inc. Page 4
February 7, 1990

RE: Northwest Marine Ironworks

SHIP STATUS AT DISEMBARKING: When the ship was lowered into the water, the ballast status was still not as requested by the ship's engineer. First of all, interior hold, port side No. 8 was supposed to have been filled by Pacific Northwest Marine. This was not done, deliberately due to the fact that additional work needed to be done, and was being done on tank No. 8. As an offset, the starboard side tank No. 8 which is also listed to be filled, was not filled and left empty. These two factors should have offset each other so that it didn't make any difference. As it turned out, although not a primary factor to the loss itself, this turned out to be a contributing factor once the loss was initiated.

In addition, although not instructed to, the port side No. 2 was listed to remain empty, but Northwest personnel, in questioning in their mind if adequate offset was made for the permanent ballast shift had hoses and pumps ready to fill port side No. 2 to offset to the extent possible the pig iron shifted to the starboard side.

DECK HATCHES, PORT HATCHES/INNER TANK TRANSFERS: Lastly, other contributing factors that are important to an overview of the loss are the fact that the tanks themselves are not secure as water pumped into one tank does not necessarily stay in that tank and can flow throughout the ship to other tanks. The tanks, of course, are supposed to be secure, but due to age and general condition they are not. In addition, hatch covers, located over the tanks were not in place due to the fact of the ongoing work. You will recall that the cost of having the ship in dry dock is considerably greater than working on the ship while it is in the water. For this reason, things like putting hatch covers back or shifting back the pig iron can be done at a much cheaper and more economical cost by doing it in the water. For this reason a lot of the hatch covers were off when the ship was put back into the water. This becomes significant when we discuss the mechanics involved.

SHIP ROLLOVER: We now must understand that when a ship starts to roll over due to water coming in (or an offside ballast) this will create within the vessel a tendency to keep rolling over farther. This is true because as the ship rolls down into the water, additional water will enter in through openings in the side which had been above the water line and contribute to the weight on the, in this case, the starboard side, which in turn would cause the vessel to tip over even more. In

1 .....

Southwest Marine, Inc. Page 5
February 7, 1990

RE: Northwest Marine Ironworks

addition, open hatches and unsecured ballast tanks on the port side would tend to empty and flow into the starboard side. This also would cause the vessel to continue to rotate onto the starboard side -- once this roll had been initiated.

SUMMATION: In my opinion the following overview is what happened in regards to the circumstances on Saturday the 29th of January. The vessel entered the water with too much ballast on the starboard side and too little ballast on the port side. Excess ballast on the starboard side was created by 180 tons of pig iron that was added to the starboard side. Combined with this was too little ballast on the port side, caused by the missing 180 tons of pig iron, and in addition the empty ballast tank No. 5 which was shown on the ship's manifest to be full.

As the ship entered into the water the ship rotated, approximately 5 degrees and then held due to the offset in ballast. This 5 degree offset permitted excess water to shift either from the river itself, through the exterior wall on the starboard side, and ballast from the port side flowing across the deck onto the starboard side (this is where the empty hold No. 8 becomes significant since it had an open hatch on it's top which immediately filled up with flowing water across the deck as the ship listed the 5 degrees).

As the excess water accumulated on the starboard side, the vessel continued to list over until it reached the maximum list of 18 degrees.

EXPENSES: I did not go into great detail with Northwest personnel the expenses involved in righting the ship and continuing it on. Sufficed to say pumps were used to empty the starboard side as fast as possible, as well as filling the port side as much as possible to right the ship. In addition, unfortunately, news media were called. It was covered on television and the port personnel and various emergency equipment were prepared and activated in case real damage or injury occurred. As mentioned elsewhere, I am advised the overall cost in this was around \$35,000.

<u>DEMURRAGE</u>: Northwest advises that there is a fine or penalty for the vessel being late of one million dollars a day if it did not exit by the proposed finish date. In checking with Northwest personnel the vessel did leave on time and there are no problems in this regards.

1 .....

Southwest Marine, Inc. Page 6 February 7, 1990

RE: Northwest Marine Ironworks

SIMILAR CLAIMS: I am advised by Northwest personnel that ship repair in Portland is a competitive business and there is an adjoining repair facility available for similar type of work. I am further advised that the American Hawaii Cruises sister ship the SS Independence was being worked on sometime last year by this competitor and during its undocking from dry dock suffered the exact similar type of incident with the ship rolling over to a large degree on one side or the other. The reasons and details of this other incident are unknown, and it is also unknown as to what caused this other incident. This is simply brought out as information indicating the feeling given by Northwest Marine that the ship's engineer did not really know what his ballast situation was when he indicated to Northwest Marine how the ship should be ballast in going into the water from dry docking and further he didn't know in reality what the ballast was when the ship came into the Port of Portland. Their information indicated that the ballast tanks indicated as empty were full, or partially full, and some that were full, were partially empty. In any event, that is a source of information if it turns out to be needed in the future.

<u>BALLAST TANK NO. 5</u>: As indicated, ballast tank No. 5, in reality, was empty when the ship's manifest, given to Northwest Marine, on January 22, showed it as full. In checking the time sheet and daily logs of Northwest personnel it turned out that tank No. 5 did indeed enter the port full, but was emptied by Northwest personnel in order to do repairs on January 17. Ship's Engineer Sing, had 5 days from the 17th of January until the 22nd, to confirm or to determine if indeed tank No. 5 was still full and it is our belief that he had the responsibility to do so.

<u>SUMMARY</u>: In summation, my investigation would indicate that there were two primary factors for the loss itself and several or various contributing factors for the continuing loss, or to make it roll over to the 18 degrees as opposed to the initial 5 degrees.

The primary factors are:

(1) The failure of the ships personnel to give a ballast plan which would compensate for the 180 tons of pig iron shifted from the port side to the starboard side.

Southwest Marine, Inc. Page 7 February 7, 1990

RE: Northwest Marine Ironworks

(2) Failure of the ships personnel to provide Northwest personnel with an accurate ballast plan for returning the ship to water from dry dock. The ballast plan given, specifically indicated that tank No. 5 on the port side was full at that time, when in reality it was empty.

The contributing factors that led to the ship rolling over to the extent that it did would be as follows:

- (1) Various openings and avenues of water to enter into the starboard side as the vessel listed through the exterior wall of the vessel.
- (2) Unsecured ballast hatches which permitted water to flow across the decks and into either empty, or partially empty ballast tanks on the starboard side.
- (3) Unsecured ballast tanks themselves which permitted water to flow freely through the ballast system and not stay confined to any particular ballast tank.
- (4) Tank No. 8 which was shown on the ballast manifest to have been full, being left empty and compensated by the starboard side tank No. 8 also being left empty when it was indicated to have been filled. This is significant, since the surface water as mentioned above would flow into the open hatch on starboard side No. 8 and immediately fill the tank, adding to the starboard side ballast.

I will mention in passing, I am advised that the hatch covers were of deteriorated condition and probably would not have held much water anyway, according to Northwest personnel, once the ship started to roll. To what extent they would, or would not have assisted in holding the water back is not known.

I did not personally inspect the ship although it was there during my review. As it turns out, in discussion with Mr. Lundmark, as well as Bill Johnson, who came down to discuss the overview after the investigation and interviews were done, this turns out to be a political decision and an economical decision as to how the extra expenses involved will be handled. As it turns out there are no firm "physical damages" to the vessel and the only element of claim we are talking about are additional expenses and overtime labor.

Southwest Marine, Inc. Page 8 February 7, 1990

RE: Northwest Marine Ironworks

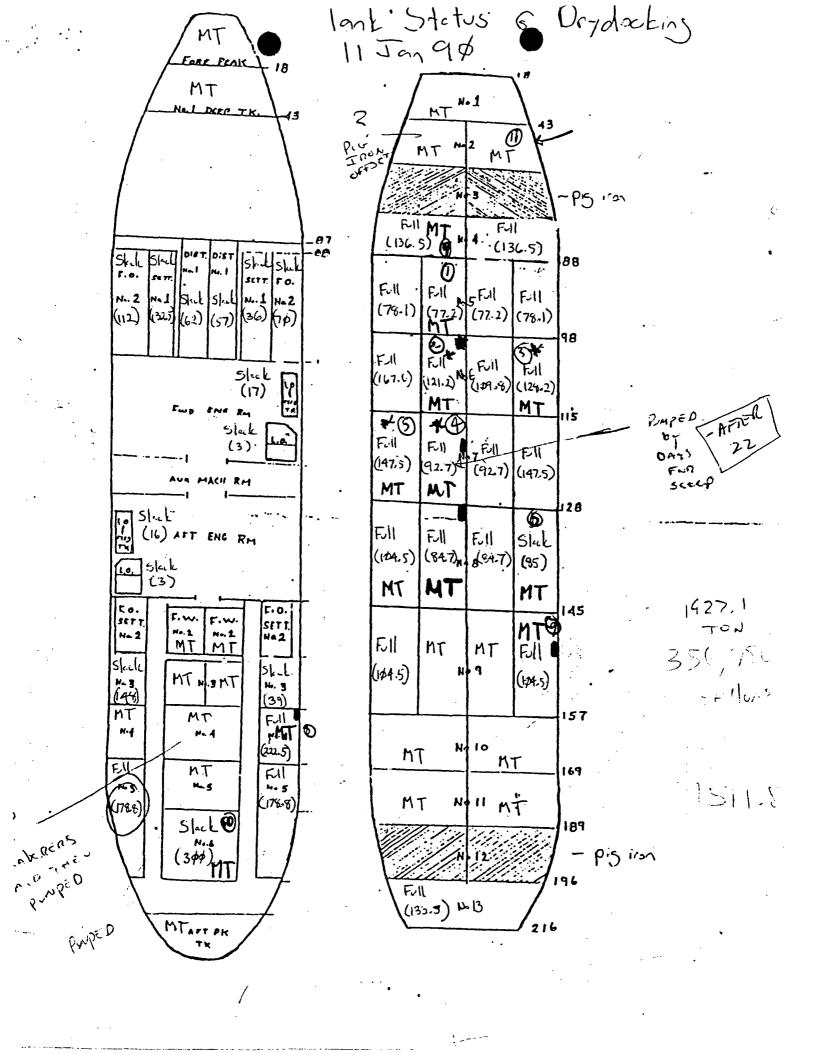
In addition to the tank and dry docking plans I attach hereto my notes and some diagrams taken during my discussion with Northwest Personnel as well as a copy of the news article in regards to the incident itself.

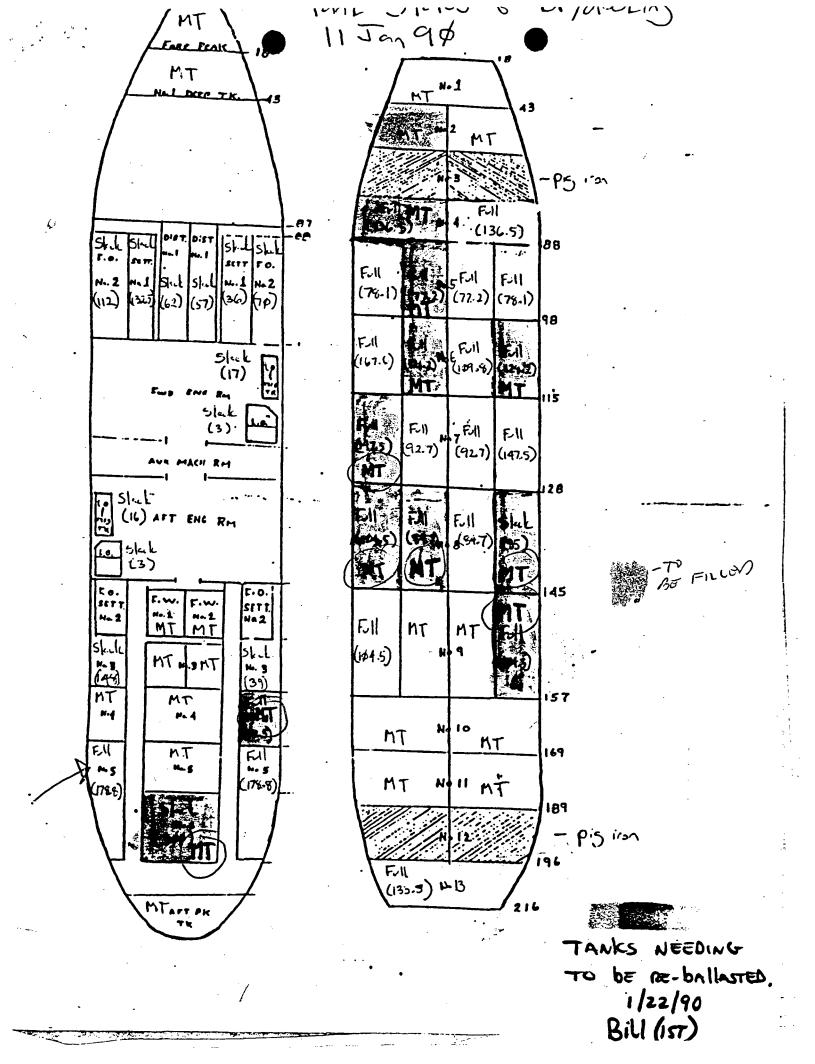
This will conclude my investigation in regards to this matter and I'm taking the liberty of closing my file at this time and also enclosing our bill for services. Should additional work be desired, please feel free to give me a call.

Very truly yours,

Mark Parker

MP:mt encs





O' BRIEF OUSRUIGH OF LOSS (3) VESSER INUDUUED STAR BOARP SIND COMPART MENTS 3) BALLAST PICKON (4) - PARSONER INTERVIONED (5) CHRONOLOGIACIA HISTORY OF GUENTS - STIP ARRIVAL - BALLAST KOT - DRY DOCK -( PRIMARY FACTORS) CAMSES AND LANGE OF SOIP TO MOVED PIE IRON (2) FAILURE OF STIPP NAS DON #5 FULL AS OPPOSED N DNIPTYCONTRIBUNKY B) FAIUR > SPORE TATIO COURS REINSMICH COMPARIMENTS NOT BOAT STURE BENDEN ONE ONTHE B-LONKY UT NOT BOND FILL



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>

Date of Incident January 27, 1990

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

Very truly yours,

R. E. White Vice President Marine Operations

REW: 1h

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>
<u>Date of Incident January 27, 1990</u>

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

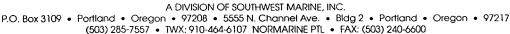
Very truly yours,

R. E. White Vice President Marine Operations

REW: lh

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.





January 31, 1990

Mr. Terry White Vice President Marine Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

Reference: Your letter of January 30, 1990

Dear Mr. White:

We have received your letter of January 30 where you cite article 19 of the contract between Northwest Marine and American Hawaii Cruises. We too are conducting an investigation to uncover the cause of the unexpected 15 degree list to starboard as the SS Constitution undocked.

If we should find information that conflicts with your belief that certain acts or omissions in performance of the work by Northwest Marine are responsible for the incident of January 27, we will advise you of these findings in writing as soon as they are available.

Please feel free to call if you have any questions.

Yours very truly,

William H Zavin, II Senior Vice President

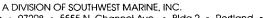
Commercial Contracting Activities

cc: Art Engel

/ Bill Johnston

Lloyd Schwartz

Peter Bianchi



P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



January 31, 1990

Mr. Terry White Vice President Marine Operations American Hawaii Cruises 604 Fort Street Honolulu, Hawaii 96813

Reference: Your letter of January 30, 1990

Dear Mr. White:

We have received your letter of January 30 where you cite article 19 of the contract between Northwest Marine and American Hawaii Cruises. We too are conducting an investigation to uncover the cause of the unexpected 15 degree list to starboard as the SS Constitution undocked.

If we should find information that conflicts with your belief that certain acts or omissions in performance of the work by Northwest Marine are responsible for the incident of January 27, we will advise you of these findings in writing as soon as they are available.

Please feel free to call if you have any questions.

Yours very truly,

William H Zavin, II Senior Vice President

Commercial Contracting Activities

cc: Art Engel Bill Johnston Lloyd Schwartz Peter Bianchi



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>

Date of Incident January 27, 1990

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

Very truly yours,

R. E. White
Vice President
Marine Operations

REW: 1h

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>

Date of Incident January 27, 1990

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

Very truly yours,

R. E. White Vice President Marine Operations

REW: 1h

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>

Date of Incident January 27, 1990

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

Very truly yours,

R. E. White Vice President Marine Operations

REW: 1h

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.



January 30, 1990

William H. Zavin, II Sr. Vice President Northwest Marine Iron Works, A Subsidiary of Southwest Marine Inc. 5555 North Channel, Bldg. 2 Portland, OR 97217

Re: <u>Damage/Economic Loss - SS Constitution</u>

Date of Incident January 27, 1990

Dear Mr. Zavin:

The SS Constitution entered the Portland ship repair facility under the contract between Northwest Marine Iron Works and American Hawaii Cruises for drydocking and general repair work on or about January 11, 1990.

On January 27, 1990, during undocking operations, the vessel took an unexpected 15 degree list to starboard. In compliance with Article 19 entitled "Notices" of the contract between Northwest Marine Iron Works and American Hawaii Cruises, this is to provide you notice of claim against Northwest Marine Iron Works by American Hawaii Cruises. Investigation in this matter is not complete and is ongoing. While initial indications are that there was little or no damage to the vessel or the dry dock, this is to give notice that American Hawaii Cruises will look to Northwest Marine Iron Works to recover for any damage which may be discovered to have resulted from this incident.

If damage is discovered at a later time that was a direct result of this incident, we are confident that we will be able to demonstrate that the damage was caused by certain acts or omissions in performance of the work on the vessel by Northwest Marine Iron Works.

### <u>Damage/Economic Loss - SS Constitution</u> Page 2

Please do not hesitate to contact me should you have any questions regarding this matter.

Very truly yours,

R. E. White
Vice President
Marine Operations

REW: 1h

cc: Peter Bianchi, Sr. Vice President - Operations American Hawaii Cruises

Lloyd A. Schwarz, Sr. Vice President - Law Southwest Marine, Inc.

#### AMERICAN HAWAII CRUISES

Drydock Address 1-11-90 to 2-3-90

Northwest Marine Iron Works 5555 North Channel Portland, Oregon 97217 (503) 240-4536 FAX: (503) 240-4535

January 14, 1990

Mr. Bill Zavin Northwest Marine Iron Works 5555 North Channel Portland, Oregon 97217

Dear Bill:

This is further to our recent telephone conversation regarding our ship repair contract for the overhaul of the SS CONSTITUTION.

You requested that we modify the provisions of Article 6 Paragraph (c) regarding the labor rate for work in addition to the basic contract.

American Hawaii Cruises agrees to the following rates:

Straight time labor (per hour) \$36.00 Premium differential 16.00 Markup for services and materials 10%

Please let me know if further discussion or documentation is required.

Very truly yours,

R. E. White Vice President Marine Operations

REW: 1h

cc: Mr. Peter Bianchi



Johnson Nobert Wroman Scrobbin File

January 5, 1990

Mr. Bill Zavin Northwest Marine Iron Works 555 N. Channel Avenue Portland, Oregon 97217

Dear Bill:

As we make final preparations for the Dry Docking of the SS Constitution in your yard, I wanted to take this opportunity to remind you of some matters of importance to American Hawaii Cruises.

It is vital to the success of this Dry Docking that the provisions of article No. 6, Paragraph B, regarding change orders are to be strictly adhered to. Mr. Terry White is the only representative of American Hawaii Cruises authorized under the terms of the contract to issue changes to the scope of work for the SS Constitution. Please instruct all of your staff that they are to comply with these provisions in all cases.

We look forward to continued cooperation from your firm in successfully completing the work outlined in our specifications. Best wishes to you and your staff and we look forward to a mutually beneficial relationship.

Sincerely.

P. Bianchi

Senior Vice President

PB:1cq

cc: SS/C Master

Chief Engineer Chief Officer Hotel Manager T. White, Vice President American Hawaii Cruises



December 1, 1989

TO:

All Contractors

FROM:

Peter W. Ruckstein

DATE:

December 1, 1989

SUBJECT:

SSC DRYDOCK 1990 HOTEL PROJECTS

The time has come upon us again to pull things together for the SSC dry docking. Here are a few items we would like to let you know about.

- 1. Please provide a complete list of TRANSPAC contractors, their S.S.# and addresses, by December 15, 1989.
- 2. Please provide proof of liability insurance as stated in "Terms of Agreement", if you have not already done so.
- 3. Due to the large amount of materials that must be loaded aboard ship on January 6th, we are requesting that all contractors bring their materials and tools to the American Hawaii Cruises loading dock by 7:00 a.m. on the 6th.
- 4. The Purchasing Dept. has agreed to provide pallets and wrapping for the contractors to deposit tools and materials at the loading dock on January 6. Please clearly mark all your items for easy identification and shipboard placement.
- 5. Please notify me by December 15th, of the approximate amount of secure storage space needed for your equipment, and any equipment requiring special handling.
- 6. All contractors travelling TRANSPAC shall be at Pier 10 by 7:00 a.m., January 6, to assure that their equipment is loaded as quickly as possible.
- 7. All contractors shall be responsible for moving their materials and equipment from staging areas on the ship to designated work and storage areas.

- 8. All contractors shall board the ship at 11:00 a.m. via the passenger gangway on January 6, to receive TRANSPAC tickets. Personal gear may be brought on at this time. Shipboard schedules will be given out at this time, by the Hotel Manager and Third Steward.
- 9. The ship will be departing from Pier 10, Honolulu, at 12:00 noon on January 6, and is scheduled to arrive in Portland on January 11.
- 10. The ship is scheduled to depart Portland on February 3, and return to Honolulu on February 8, at which time the vessel will be returned to service.

With your help and consideration, we hope to make this a productive and successful dry docking. If you have any special problems or questions, please contact me as soon as possible.

Sincerely

Peter W. Ruckstein Hotel M & R Manager

PUR/jke

cc: Peter Bianchi

R.E. (Terry) White Hans Hesselberg

TABLE OF CONTENTS

ARTICLE	TITLE	PAGE
1	Scope of Work	1-3
2	Specifications and Other Requirements	3 – 4
3	Total Contract Price	4
4	Terms of Payment	4 - 5
5	Inspection	5-7
6	Changes	7-8
7	Indemnities	8-9
8	Cancellation	10
9	Old Materials	11
10	Insurance	1.1
11	Force Majeure	12
1 <b>2</b>	Title	12-13
13	Assignment of Agreement	13
1.4	Appointment of American Hawaii Cruises Representative(s)	13-14
15	Computation of Time	14
16	Tdentification	1 4
1.7	No Third Party Beneficiaries	1.4
18	Joint Provisions	14-15
19	Notices	15
20	Law	16
21	Venue	16
22	Unit Pricing for Changes or Cancellation	16

P.03

NOV- 9-89 THU 16:20 AM HI CRUISES 521 01

THIS CONTRACT made and entered into this 14th day of November, 1989, and between AMERICAN HAWAII CRUISES with its principal offices located at 550 Kearny Street, San Francisco, California 94108 (hereinafter "A.H.C."), and NORTHWEST MARINE IRON WORKS, a subsidiary of SOUTHWEST MARINE, INC., with offices located at 5555 N. Channel, Bldg. 2, Portland, Oregon, 97217, (hereinafter "Contractor").

WHEREAS, American Hawaii Cruises desires to contract for the repair and/or modification of the passenger vessel S.S. CONSTITUTION (hereinafter the "Vessel") in compliance with the requirements of American Hawaii Cruises, and applicable government regulations, (hereinafter the "Regulations") and

WHEREAS, Contractor desires and is willing to undertake said repair and/or modification work at Portland, Oregon.

NOW, THEREFORE, in consideration of the mutual and dependent covenants contained herein and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, A.H.C. and Contractor agree as follows:

### ARTICLE 1 - SCOPE OF WORK

(a) A.H.C. shall use its best efforts to deliver the Vessel to the Contractor on January 11, 1989, at the Contractor's shippard at Swan Island. Any delay beyond the date stated above shall not automatically extend the Redelivery Date (as defined below): however, in such event the scope of work is to be adjusted pursuant to Articles 6 and/or 8 in order to maintain the Redelivery Date.

00002138017**7** AM HI CRUISES 521 01 MOV-, 9-89 THU 16:24

- Modification work shall be in strict accordance with (b) specifications attached hereto as Exhibit A (hereinafter the "Specifications", and hereby incorporated into and made a part of this Contract) the rules and regulations of the Classification Society and the Regulations. The Contractor shall do everything agreed to by the Contractor or required of the Contractor pursuant to the terms of this Contract and the Specifications, the performance of any work authorized under Article 6 and the installation of any outfitting and equipment. which the Specifications provide shall be furnished by the Contractor (all of which shall be referred to as the "Contract Work"), all for the Total, Contract Price (as defined in Article 3).
- It is understood that, except for those items listed as Owner Furnished Equipment in Exhibit B attached hereto, (hereinafter the "Owner Furnished Equipment") the Contractor alone is responsible for proper procurement of all equipment and materials necessary to complete the Contract Work in a timely manner.
- The Contract Work shall be commenced after the Vessel is (d) delivered to its work berth or dry dock in a Gas Free condition, "Safe for Men, Safe for Fire", Marine Chemist to be provided by shippard to test and certify for "Gas Free" environment and shall thereafter be prosecuted with due diligence. Contractor agrees to perform all of its obligations under including labor, materials, supplies and equipment this Contract, necessary for the completion of the Contract Work.
- Redelivery Date. The parties acknowledge that Contractor has had complete access to the Vessel to make precise measurements, quantities, but Contractor has relied upon the dimensions and Specifications and this Contract in estimating the Redelivery Date.

P.05

16:21 AM HI CRUISES 521 01

(f) No modification or amendment shall be made to the Specifications, except by written Change Order pursuant to Article 6. details of sizes and materials given in the specifications are for Contractor's guidance and estimating purposes only and are reasonably accurate. However, Contractor agrees that Contractor shall take his own particulars and dimensions for each and every item and shall be fully responsible for same, provided, however, that if the particulars and dimensions and quantities vary by 20%, Contractor and A.H.C. shall reflect those changes in a written Change Order to reflect the accuracy of the scope of work with modification for Redelivery Date, if required, and agreed to by the parties. It is further understood that a penalty of One Million Two Hundred Thousand Dollars (\$1,200,000), will be payable to A.H.C. in the event a failure to deliver on the Redelivery Date, as may be modified by Change Order. The Redelivery Date is set at the 3rd day of February, 1990 at 1200 hours (12:00 noon, Pacific Standard Time).

# ARTICLE 2 - SPECIFICATIONS AND OTHER REQUIREMENTS

- (a) The approval of all agencies charged with enforcing the Regulations (said agencies to be referred to hereafter as the "Agencies") will be obtained by Contractor so that the Vessel will, upon completion, comply with and be certified to all the applicable provisions and standards of the rules and regulations of the Society and the Regulations.
  - (b) Contractor agrees to perform all of its obligations under this Contract in accordance with "good shipbuilding practice" which is defined to mean that the work done by the Contractor shall be in compliance with soundly conceived and engineered detailed plans

ซบซอ<u>∠เ</u>งษบเ 🤧 16:22 AM HI CRUISES 521 901 NOV- 9-89 THU

P.06

incorporating the specified components, so as to meet the Specifications and utilizing construction and testing methods to ensure completed Vessel will conform to the intended design required.

### ARTICLE 3 - TOTAL CONTRACT PRICE

Contractor the following fixed sum as the A.H.C. agrees to pay Total Contract Price for the contract work in compliance with this Contract. RASIL

Contract Price is estimated to be approximately \$1,980,316 U.S. Dollars.

The Total Contract Price shall be amended to reflect any change authorized pursuant to Article 6.

### ARTICLE 4 - TERMS OF PAYMENT

- (a) Except for payment for changes authorized pursuant to Article 6, A.H.C. shall pay Contractor for the Contract Work to be performed hereunder the Total Contract Price set forth above in the following manner:
  - -20% of the original bid price on Redelivery as defined in Article 1(f).
  - -30% 30 days after departure, of the agreed adjusted balance to include all change order adjustments. additional and deletions after receipt of invoice.
  - -The remaining mutually agreed 50% 60 days after the departure of the Vessel.
- All payments for changes above referred to shall be made in (b) dollars and paid by wire transfer to Contractor's Bank and account. U.S. Where costs of changes are subsequently quoted, payment thereof shall be made in the same manner.

Contractor further agrees that payment terms for Items 9.1 thru 9.17 of the Specifications will be as follows:

On or before May 1, 1990, payment will be made to Contractor by various insurance underwriters pursuant to the payment authorizations attached hereto as Exhibits "C" and "D". In the event that payments have not been received in accordance with the previous sentence, then AHC will advance all remaining amounts owed Contractor herein on May 1, 1990. If any funds are received by Contractor after advances shall have been made by AHC to Contractor in accordance with the previous sentence, then, to the extent that total funds received by Contractor in accordance with this subparagraph shall have exceeded the total amount of insurance and repairs then Contractor shall immediately pay such excess to AHC. Contractor agrees to preserve its claim against the underwriters after the advance of funds by AHC referenced above in order to effect the reimbursement to AHC contemplated above.

#### ARTICLE 5 - INSPECTION

- (a) All material and workmanship shall be subject to inspection by representatives of A.H.C. and all Agencies having jurisdiction at any and all reasonable times during manufacture and during the performance of the Contract Work at any and all places where such manufacture and performance of Contract Work are carried on.
- (b) Contractor shall give notice to the Representative as early as possible of the date or dates on which tests of materials or inspections of work are scheduled. A.H.C. shall have the right, but not

HOV- 9-89 THU 16:23 AM HI CRUISES 521 01

the obligation to inspect, approve or reject the work at that time. In the event that A.H.C. does inspect the work, the A.H.C. representative(s) shall use their best efforts to approve or reject all work and materials supplied by Contractor in order that no delay will result in the construction work hereunder. In the event that any work or materials called for by the Contract or the Specifications to be performed or furnished by Contractor is rejected by the representative for just cause or fails to pass the tests or inspections, Contractor at no expense to A.H.C., shall correct such defects and perform such additional tests or inspections in reasonable form and number as may be required to demonstrate that such defects have been corrected.

(c) If Contractor refuses to correct any such defects or perform any such additional tests or inspections requested by A.H.C. or if Contractor refuses to carry out any requests of A.H.C. on the ground that the request of A.H.C. constitutes a change in or is in excess of the requirements of the Contract and/or Specifications, Contractor shall so notify A.H.C. immediately in writing in no more than two (2) days following request.

In the event the matter cannot be resolved by the parties, and so that the work shall not be delayed, Contractor shall prepare and submit to A.H.C. a change order request pursuant to Article 6 setting forth the manner in which it feels this Contract and the Specifications must be modified to have the work performed, modified or corrected as requested by A.H.C., A.H.C. shall immediately: (i) authorize the change order; (ii) withdraw its objection; (iii) direct Contractor to proceed with the work as directed by A.H.C.; cost of such work to be negotiated within 21 days after Vessel's departure.

ARTICLE 11 - FORCE MAJEURE

STOKES, Weather

Neither the Contractor nor A.H.C. shall be liable for failure or delay in performance of any obligation under this Contract and the Contractor shall be entitled to an extension in the Redelivery Date to the extent that such performance is prevented or delayed by Acts of God, war, arrest, order or restraint by governmental authorities and considerations the safety of the Vessel (of which the Master shall be the sole judge) or requisition of the Vessel, provided that the Contractor give notice to A.H.C. of the occurrence of any of the above described events within one (1) day of its occurrence, takes all steps to mitigate its effect (including the employment of extra labor if available and requested by A.H.C.) and that Contractor give notice of the extent of the delay to which it claims it is entitled within one (1) day after the condition which has caused it has terminated.

### ARTICLE 12 - TITLE

All material and equipment purchased to perform the work required by this Contract shall become the property of A.H.C. at installation upon the Vessel. A.H.C. shall have the title thereto free and clear of any lien and/or encumbrances subject only to payment of the mutually agreed final price.

Contractor shall promptly pay all indebtedness for labor, materials, tools, equipment and any other items used by Contractor in the performance of the Contract Work. Contractor shall deliver to A.H.C. a full release of liens for such indebtedness with affidavit to show that all bills for labor, materials, tools, equipment, etc., incurred in the

0000210301 7

work have been paid prior to the final payment. Contractor shall not permit any such lien or charge to disrupt the schedule of the Vessel. If any such lien or charge results in an in rem action against the Vessel, Contractor shall promptly procure its release and hold harmless A.H.C. from such losses, costs, damages or expenses incidental thereto. If Contractor does not act with sufficient promptness to avoid harm to A.H.C., A.H.C. may, if it desires, release such liens and Contractor shall indemnify A.H.C.

### ARTICLE 13 - ASSIGNMENT OF AGREEMENT

This Contract shall inure to the benefit of Contractor and A.H.C. and their successors and assigns and shall be binding upon Contractor and A.H.C. and their successors and assigns; provided, however, Contractor shall not assign this Contract or any interest hereunder, without the prior written consent of A.H.C., which consent shall not be unreasonably withheld, and any assignment without said prior written consent shall be null and void. A.H.C. may at any time sell the Vessel and/or assign this Contract. Contractor agrees that such a sale and/or assignment shall not be grounds for termination of the Contract provided that the Contractor has adequate assurance that the Total Contract Price (as it may be modified pursuant to the terms of this Contract) will be paid.

### ARTICLE 14 - APPOINTMENT OF A.H.C.'S REPRESENTATIVE(S)

Authority to give directions, comments, approvals, disapprovals, notifications, or advise under this Contract and to actions taken by Contractor in the performance of the work covered hereby shall be vested

UUUETUUUUU , ".U

NOV-, 9-89 THU 16:28 AM HI CRUISES 521

in such representative as A.H.C. may designate by notice in writing to Contractor (herein referred to as the "A.H.C. Representative") subject to the terms of any such notice. Contractor shall have no obligation to follow any directions, comments, approvals, disapprovals, notifications or advices except those which shall be issued in writing over the signature of an A.H.C. Representative so authorized. Any person so authorized shall be deemed an "A.H.C. Representative" within the terms of this Contract until his designation to act as such shall be revoked.

#### ARTICLE 15 - COMPUTATION OF TIME

All periods of time set forth in this Contract shall be computed by including Saturdays, Sundays and holidays.

### ARTICLE 16 - IDENTIFICATION

Contractor shall provide for his own employees a security pass system with photographs of Contractor's personnel allowed to board the Vessel.

### ARTICLE 17 - NO THIRD PARTY BENEFICIARIES

Each party's promises, obligations and duties under this Contract are for the benefit of the other party only and not for the benefit of any person or entity not a signatory to this Contract.

#### ARTICLE 18 - JOINT PROVISIONS

All prior understandings and agreements heretofore entered into between A.H.C. and Contractor whether written or oral are superseded by and merged in this Contract which alone fully and completely expresses the

JUJETUJUUU , "11

0000213501 7 NOV-, 9-89 THU 16:28 AM HI CRUISES 521 01

agreement between A.H.C. and Contractor, and this Contract may not be changed orally, nor may it be modified or varied in any manner, except in a writing signed by both parties or by telex. The failure of any party to insist upon strict compliance shall not constitute a waiver or the abrogation of such provision or any other instance. No course of dealing between the parties shall operate as a waiver by either party, and no delay on the part of either party in the exercise of any right hereunder, shall operate as a waiver of any right of such party. In this event, if any provision of this Contract is found to be invalid, illegal or unenforceable, it shall be deemed severed from the Contract, which shall then be construed and enforced as though such illegal, invalid or unenforceable provision has never been a part thereof. All Article headings are for identification purposes only.

### ARTICLE 19 - NOTICES

Any notice under this Contract shall be in writing or telex addressed to the following representatives:

> For A.H.C. Terry White, V.P. Marine Operations -01-Peter Bianchi, Sr. V.P. Operations 604 Fort Street Honolulu, Hawaii 96813

For Contractor William H. Zavin II, Sr. V.P. Northwest Marine Iron Works, a subsidiary of Southwest Marine, Inc. 5555 N. Channel, Bldg. 2 Portland, Oregon 97217

WIOH A Gyp to (AS

JUJZTUUUUU , #10

ARTICLE 20 - LAW

This Contract and all the rights and duties of the parties hereto shall be governed and construed under the maritime laws of the United States.

ARTICLE 21 - VENUE

A.H.C. and Contractor hereby agree that venue for the settlement of any and every claim, dispute, difference, or question arising out of

or relating to this Contract, which shall exist or arise at any time after the execution of this Contract, shall be in a court of competent jurisdiction in the State of California and both A.H.C. and Contractor submit to the jurisdiction of such courts.

#### ARTICLE 22 - UNIT PRICING FOR CHANGES OR CANCELLATION

Anything else in this Contract notwithstanding the agreed cost of agreed changes and the value of all cancelled work shall be based upon all the prices set forth in the contractor's bid attached hereto. Said prices are for the purposes of valuation of agreed changes and cancellation only.

AMERICAN HAWAII CRUISES

BY:

Peter Bianchi

TITLE: Sr. Vice President - Operations

NORTHWEST MARINE IRON WORKS, a subsidiary of SOUTHWEST MAIRINE, INC.

BY:

William H. Zavin II

TITLE: Sr. Vice President

- Acceptance or failure to object to any materials or work by any of its obligations under this Contract or the Specifications: Defects appearing in any stage of the work shall be cause for rejection even though the work in question may have previously been passed as satisfactory.
- Anything in this Article to the contrary notwithstanding, acceptance of Redelivery as defined in Article 1(e) shall constitute final acceptance by A.H.C. subject only to the obligation of the Contractor to make good defective work or material pursuant to the terms of the Contract, to the EXTENT WCH DEFECTS MANIFEST Then Selves WIGHT From REDELIVEN.

### ARTICLE 6 - CHANGES

- The Contractor shall not depart from the requirements of the Contract and the Specifications or make any other changes in the Contract Work required by the Contract and Specifications, except in writing as provided herein.
- A.H.C. shall be at liberty at any time to request (b) alterations, additions, deletions or changes to be made to the Contract Work and/or to the Vessel. Only the A.H.C. representative (Terry White ONLY) at the shippard shall be authorized to delete, alter or amend or change any item contained in the Specifications. A.H.C. will not accept liability for costs incurred by Contractor as a result of requests or instructions from any other source. Contractor shall furnish A.H.C. a written fixed price for all additions, deletions or alterations and no work shall be undertaken unless Contractor's fixed price has been approved in writing by A.H.C.'s authorized representative and must not affect the

0000210001 7

P.10

Redelivery of the Vessel. Contractor must immediately advise A.H.C. in writing, of any addition, deletion, alteration or change which may result in an extension of the Redelivery Date of the Vessel. No addition, deletion, alteration or change which may result in an extension of the Redelivery Date may be undertaken or effected without the prior written consent of Mr. Terry White.

(c) Contractor agrees that any work authorized in addition to the basic contract will be invoiced at a labor rate not to exceed \$32.00 per man hour.

### ARTICLE 7 - INDEMNITIES

- (a) Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels, against all claims, demands, or causes of action by all persons whomsoever and whatsoever including (but without limitation) Contractor and its employees, officers and agents, A.H.C.'s employees, officers and agents, and all third persons, based on personal injury or death or property damage or destruction occurring prior to or after the acceptance by and redelivery to A.H.C. of the Vessel arising out of or in any way related to the performance by Contractor of the work hereunder, if such injury or damage or loss is caused by the negligence or fault of Contractor or its employees, officers, or agents.
- (b) Contractor, at its own expense, will pay all employee taxes or contributions imposed by law or governmental regulations with respect to or measured by the compensation (wages, salary or other) paid to employees of Contractor for or in connection with the work to be

performed hereunder, and Contractor agrees to indemnify, hold harmless and defend A.H.C. from any liability for any and all such taxes and contributions, as well as interest and damages for failure to make prompt payment of same.

0000210301 7

- Contractor hereby agrees to indemnify, hold harmless and defend A.H.C., its employees, officers, agents and vessels against any and all claims, demands, or causes of action based on any asserted infringement of trademarks, patents or any other protected rights arising out of or in any way related to Contractor's performance of work hereunder or the equipment, materials, machinery or methods employed therein by Contractor.
- Contractor shall be obligated to bear the expense of (d) investigations and defenses of all claims or demands or causes of action based on any asserted infringement of trademarks, patents, or any other protected rights, arising therefrom, and to pay the full amounts of any judgment rendered against A.H.C., its employees, officers or agents, when such lawsuits are finally determined, it being stipulated that all obligations for indemnity assumed herein by Contractor shall survive the termination of this Contract, regardless of how such termination be effected. Contractor shall have the control of the defense and settlement of all such claims and lawsuits, including the selection of attorneys, the expense of all of which shall be borne by Contractor. Nothing herein contained shall prevent A.H.C. from participating at its own expense with counsel of its own choosing in any such defense or settlement.

UUUZTUUUUU ; #12

ARTICLE 8 - CANCELLATION

(a) Notwithstanding any other provision of this Contract, the performance of the Contract Work may be cancelled, in whole or from time to time in part, by A.H.C. in accordance with this Article. Cancellation of work hereunder shall be effected by delivery to Contractor of a Notice of Cancellation specifying the extent to which performance of work under the Contract is cancelled, and the date upon which such cancellation becomes effective.

- (b) After receipt of a Notice of Cancellation and except as otherwise directed by A.H.C., Contractor shall:
  - (i) stop work under the Contract on the date and to the <u>extent</u> specified in the Notice of such Cancellation;
  - (ii) place no further order or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work to restore that under the Contract as may not be cancelled;
  - (iii) cancel all orders and subcontracts to the extent that they relate to the performance of any work cancelled by the Notice of Cancellation;
  - (iv) settle all outstanding liabilities and all claims arising out of such cancellation of orders and subcontracts;
  - to the extent, in the manner and at the time directed by A.H.C., transfer title and deliver (A) the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of the work cancelled by the Notice of Cancellation, and (B) the completed or partially completed plans, drawings, information, and other property, which if the Contract had been completed, would be required to be furnished to A.H.C.
  - (vi) complete performance of such part of the work as shall not have been cancelled by the Notice of Cancellation; and
  - (vii) take such action as may be necessary or as A.H.C. may direct for protection and preservation of the property related to this Contract. which is in the possession of Contractor and in which A.H.C. has or may acquire an interest.

### ARTICLE 9 - OLD MATERIALS

With the exception of items which A.H.C. may from time to time notify Contractor that A.H.C. wishes to retain, all old materials removed from the Vessel during the work shall remain Contractor's property upon Redelivery.

### ARTICLE 10 - INSURANCE

- (a) Contractor shall maintain at Contractor's expense during the term of this Contract insurance in the amount of Ten Million U.S. Dollars (\$10,000,000) to cover the liability of the Contractor or, as the case may be, of any subcontractor, in respect of damage to the Vessel, its appurtenances, attachments or any property thereon caused by reason of the carrying out of the Contract Work.
- (b) Contractor shall deliver to A.H.C. within fourteen (14) days of the execution of this Contract, a certificate from its Insurer or Insurers, naming A.H.C. as an additional insured and evidencing that satisfactory coverages of types set forth above are in full force and effect and providing that the Insurer or Insurers shall notify A.H.C. ten (10) days prior to any cancellation or reduction of such coverage. Said certificate shall provide that the Insurer or Insurers have waived and do waive any rights of subrogation which it or they have against A.H.C.
- (c) A.H.C. shall deliver the Vessel to the Contractor for repairs with A.H.C.'s standard insurance coverage for the hull, machinery, crew, equipment and other merchandise owned by A.H.C.

### SSC 1990 DRY DOCK

# CONTRACT BREAKDOWN

# DESCRIPTION

Item	Section 1 GENERAL	PRICE
1.1 1.2 1.2 1.4 1.5 1.6 1.7 1.8 1.9 1.10 1.11 1.12 1.13 1.14 1.15 1.16 1.17 1.18 1.19 1.20 1.21 1.22 1.23	Block Building Docking Divers Tug Boats Lay Days Shore Power Fire Lines Gangways Safety Patrol Uniformed Security Phone Service Cold Start Compressed Air Fresh Water Sewage Rubbish Collection Sanitary Facilities Superintendent's Office Billing Officer Crane Service Gas Freeing Computer Rigging Assistance	3,500 3,500 581 3,488 102,313 24,450 2,748 591 5,074 10,147 1,469 614 349 349 1,533 2,695 6,342 N/C N/C UNIT 8,625 185 6,765
2.1 2.1 2.3 2.4 2.5 2.6 2.7 2.7a 2.8 2.9	SECTION 2 BLASTING & PAINTING  Clean and Paint Hand Scrape Grit Sweep Ship's Vertical Sides Superstructure and Overhangs Ship's Funnels - Exterior Anchors and Chains Chain Lock Draft Marks Hull Painting	15,714 329 50,080 20,559 3,596 Inc. 10.3 5,520 1,963 1,614 3,741
	SECTION 3 SHAFTING & PROPELLERS	
3.1 3.2 3.3 3.4	Rope Guards Stern Bearing Wear Down Starboard Propellers Port Tailshaft	2,461 1,275 7,623 33,878

HOV		1
3.5 3.6 3.7 3.8	Tailshaft Port & Starboard Rudder Rudder Post Packing Rudder Inspection	1,938 2,282 1,325 488
		51,270
	SECTION 4 TANKS	
4.1 4.2 4.3 4.4 4.5 4.6 4.7	Fore Peak Tank Fresh Water Tanks #1 Pt & Stbd Fresh Water Tanks #2 Pt & Stbd Manhole Covers No. 1 Deep Tank No. 4 & 5 Deep Tanks Ship's Flatt Bottom Wasted Welds, Welds, Pits, Seams and Rivets	9,745 15,151 15,151 2,790 87,172 110,197
4.8 4.9 4.10	Asst Own's Rep w/UT Readings Transducer Repair Scoop Valve	13,516 130 663
		278,997
	SECTION 5 ENGINE ROOM PIPING	
5.1 5.2 5.3 5.4	Engine Room Piping Auxiliary Steam Strainers Steam Line Hydro Stm Supply to Evap Aft Eng Rm	7,294 4,647 13,297 1,410
		26,648
	SECTION 6 ENGINE DEPARTMENT	
6.1 6.2 6.3 6.4 6.5 6.6 6.6 6.7 6.8 6.10 6.11 6.12 6.13 6.14 6.15 6.17 6.18 6.19	Main Engines Bulkhead Stops Pres Reducing Stations "Lesli" Main & Aux Sir Ejectors Gland Seal Regulators Boiler Mounts - Major Main Steam Stops Boiler Mounts - Minor Boiler Uptakes Fwd Stack - Boiler No. 1 Aft Stack - Boiler No. 3 Boiler No. 1 Boiler No. 2 Boiler No. 4 Aft Main Eng, Aft Eng Rm, HP & LP Flexible Coupling Fwd Eng Rm Main Eng Flexible Coupling LP & HP Aft Eng Rm No. 2 LP Turbine Aft Eng Rm No. 2 HP Turbine Fwd Main Eng Reduction Gear Main Output Shaft	4,041 3,323 13,925 7,732 5,311 15,784 8,908 13,776 6,626 40,854 49,822 76,456 43,826 76,456 12,510 10,901 30,949 21,672 2,197 28,189
6.20	Mn Lube Oil Sump-Fwd & Aft E/R	5,879

P.21

14,035

F.22

P.23

787,747

341,314

# SECTION 9 -- STEEL PLATE RENEWALS

9.1	Prices	70,523
9.2	"F" Strake Plate F-5	32,155
9.3	"G" Strake	22,074
9.4	Internals in Way of No. 2 Stbd	4,912
9.5	Main Frames	37,915
9.6	Beam Knees	24,121
9.7	Keel Plate - FK-5 Fwd	22,582
9.8	Keel Plate - FK-5 Aft	28,948
9.9	"A" Strake Plate A-4	52,772
9.10	"A" Strake Plate A-5	32,199
9.11	"A" Strake Plate A-6	52,772
9.12	"A" Strake Plate A-7	73,385
9.13	"A" Strake Plate A-8	23,169
9.14	"B" Strake Plate B-6	15,461
9.15	"B" Strake Plate B-7	10,307
9.16	Fresh Water Ballast Tanks	1,892
9.17	No. 3 Pt & Stbd Dbl Btm Tanks	24,295
9.18	Tank Top Renewals	15,631 *
9.19	No. 7 Stbd Outboard	36,084 *
9.20	#11 Pt Side Dbl Btm Tank Top	103,275 *
9.21	#11 Stbd Double Bottom Tank	103,275 *

# GENERAL -- DECK DEPARTMENT

Lifeboat Davit Trackways	31,866
Lifeboat Davits (7) Boats	28,772
Stacks	19,331
Kingposts	7,583
Radar Masts	5,605
Port Holes	5,769
	9,335
•	3,737
Deck Substrate	33,415
Steering Stand	101,586
Search Light - Wheel House	334
Roller Chocks	4,472
Sun Deck Plexi Wind Breaks	10,926
Side Porter Crane	20,561
Gabage Room "B" Deck	16,486
Tension Winch	SEPARATE
Starlight Lounge/Solarium	10,532
	9,429
Barefoot Bar	1,019
Upper Deck Wind Break	13,297
Cargo Booms	1,136
Deck Drain	6,123
	Lifeboat Davits (7) Boats Stacks Kingposts Radar Masts Port Holes Ship's Bridge Wood Decking - Up Deck Lanai Deck Substrate Steering Stand Search Light - Wheel House Roller Chocks Sun Deck Plexi Wind Breaks Side Porter Crane Gabage Room "B" Deck Tension Winch Starlight Lounge/Solarium Crow Hospital Barefoot Bar Upper Deck Wind Break Cargo Booms

2,620,661 Grand Total

XEKUX IE	LECUPIER 290 ; II- 9	0.33 FM,		DZ 13501	UUUZ4UUUUU , #£4
ноч-	9,-89 THU 16:33	AM HI	CRUISES	5213901	P.24
CANCELLA	TIONS				
4.5	No. 1 Deep Tank			87,	172
4.6	No. 4 & 5 Deep Tank	-		110,	
				40,	
	Fwd Stack - Boiler			49,	
	Aft Stack - Boiler	No. 3		·	
6.11	Boiler No. 1			76,	
6.12	Boiler No. 2			43,	
6.13	Boiler No. 4			76,	456
10.9	Deck Substrate			33,	415
10.10	Steering Stand			101,	586
10.14	Side Porter Crane			20,	561
	SUBTOTAL CANCELLATI	ONS		640,	345

TOTAL CONTRACT PRICE

1,980,316

#### NOTICE OF TERMINATION OF ASSIGNMENT

MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("Morgan") and the undersigned companies and partnership as the owner (the "Owner") and the operators (the "Operators") of the United States flag vessels S.S. CONSTITUTION, Official No. 262027, and S.S. INDEPENDENCE, Official No. 261147 (the "Vessels") HEREBY GIVE NOTICE that the Security Agreement dated as of May 22, 1987, by which the Owner and the Operators assigned to Morgan all the Owner's and Operators' right, title and interest in and to all insurances and the benefit of all insurances effected and to be effected in respect of the Vessels, including all claims of whatsoever nature thereunder, has been terminated effective the date hereof. This Notice is to be endorsed on, and the Loss Payable Clause describing such assignment is to be deleted from, all policies and certificates of entry evidencing such insurance.

FROM AND AFTER THE DATE HEREOF, ALL AMOUNTS OF WHATEVER NATURE PAYABLE UNDER ANY INSURANCE WITH RESPECT TO EITHER VESSEL SHALL BE PAID DIRECTLY TO THE OWNER OR AS OTHERWISE DIRECTED BY THE OWNER.

Dated: Maradus, 1989

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By

AMERICAN GLOBAL LINE INC., for itself and on behalf of American Hawaii Cruises Joint Venture

AMERICAN HAWAII CRUISES, INC. for itself and on behalf of American Hawaii Cruises

Joint Venture

By Cigui L. Fenette

EXHIBIT "C"

AMERICAN HAWAII CRUISES - S.F. 005 -- US

11:91 60-11-6861



### PAYMENT AUTHORITY

TO THE UNDERWRITERS CONCERNED IN:

POLICY NO. : HY 0140 (CONF SF 87 H 32)

"VESSEL" : "CONSTITUTION"

CASUALTY DATE: Bottom Damage - March 14, 1988

We hereby authorize you to pay your respective proportion of all claims to Northwest Marine Iron Works, a subsidiary of Southwest Marine, Inc., and we agree that such payments, whether in account or otherwise, shall be a complete discharge of the Underwriters concerned in respect of such amounts paid.

Signed					
-	American	Global	Line	Inc.	(Owners)

American Hawaii Cruises, Inc. (Managers)

EXHIBIT "D"

November 2, 1989

### Privileged and Confidential

To:

Mr. Peter Bianchi Mr. Terry White

American Hawaiian, Honolulu via telefax 808-521-3901

From:

Bill Zavin

Subject:

S.S. Constitution background information confirming our

telephone discussion of November 1, 1989.

Please allow me to confirm that our company will accept modified payment terms of 20% payment due on ship redelivery, 30% payment due 30 days hence and the final 50% payment due another 30 days hence.

I would like to use this opportunity to indicate the names and owners of vessels we have accomplished significant repairs and/or modifications to during our years of existence. We have accomplished numerous significant repair and modification work to Holland Americas new Amsterdam and Noordam, as well as the Rotterdam. We are scheduled for future work on those same ships that are firm booked and an additional availability is scheduled on the Westerdam. We also opened our relationship by doing very significant repairs to the Veendam, a vessel which Holland America subsequently sold.

We have accomplished significant availabilities and major repairs to the Sagafjord and Knaard Princess for Knaard. We have also done work of a significant nature on the Azure Seas and Stardancer. We have done other small dockside availabilities on other vessels. We are currently booked to do a major refit of the Bermuda Star in December of 1989.

It is a fair statement that we have achieved a total cruise ship repair and modernization revenue in excess of \$70,000,000.00 during our company history. We have capability to service major cruise ship requirements in all four of our U.S. West Coast facilities. We also have sent out numerous travelling crews for purposes of performing repairs while the vessels are under way and developing specifications for future work packages for the owners.

If you need any further information please call.

BZ/lr

### OWNER FURNISHED EQUIPMENT

Paint

Packing for Stern Tube and Rudder Post

Coupling for Main Engine

Bearings for Main Engine

Zinc Plates for Main Condenser

Anodes 15 KG Aluminum

Rubber Tile for Wheelhouse

EXHIBIT "B"

### CONTRACT BREAKDOWN

### SSC 1990 DRY DOCK

### DESCRIPTION

Item	Section 1 GENERAL	PRICE
1.1 1.2 1.2 1.4 1.5 1.6 1.7 1.8 1.9 1.10 1.11 1.12 1.13 1.14 1.15 1.16 1.17 1.18 1.19 1.20 1.21 1.22	Block Building Docking Divers Tug Boats Lay Days Shore Power Fire Lines Gangways Safety Patrol Uniformed Security Phone Service Cold Start Compressed Air Fresh Water Sewage Rubbish Collection Sanitary Facilities Superintendent's Office Billing Officer Crane Service Gas Freeing Computer Rigging Assistance	3,500 3,500 581 3,488 102,313 24,450 2,748 591 5,074 10,147 1,469 614 349 349 1,533 2,695 6,342 N/C N/C UNIT 8,625 185 6,765
	SECTION 2 BLASTING & PAINTING	105,310
2.1 2.1 2.3 2.4 2.5 2.6 2.7 2.7a 2.8 2.9	Clean and Paint Hand Scrape Grit Sweep Ship's Vertical Sides Superstructure and Overhangs Ship's Funnels - Exterior Anchors and Chains Chain Lock Draft Marks Hull Painting	15,714 329 50,080 20,559 3,596 Inc. 10.3 5,520 1,963 1,614 3,741
	SECTION 3 SHAFTING & PROPELLERS	
3.1 3.2 3.3 3.4	Rope Guards Stern Bearing Wear Down Starboard Propellers Port Tailshaft	2,461 1,275 7,623 33,878

3.6° 3.7 3.8	Rudder Rudder Post Pack Rug Rudder Inspection	1,938 2,282 1,325 488
	,	51,270
	SECTION 4 TANKS	
4.1 4.2 4.3 4.4 4.5 4.6 4.7	Fore Peak Tank Fresh Water Tanks #1 Pt & Stbd Fresh Water Tanks #2 Pt & Stbd Manhole Covers No. 1 Deep Tank No. 4 & 5 Deep Tanks Ship's Flatt Bottom Wasted Welds,	9,745 15,151 15,151 2,790 87,172 110,197
4.8 4.9 4.10	Welds, Pits, Seams and Rivets Asst Own's Rep w/UT Readings Transducer Repair Scoop Valve	24,482 13,516 130 663
		278,997
	SECTION 5 ENGINE ROOM PIPING	
5.1 5.2 5.3 5.4	Engine Room Piping Auxiliary Steam Strainers Steam Line Hydro Stm Supply to Evap Aft Eng Rm	7,294 4,647 13,297 1,410
	·	26,648
	SECTION 6 ENGINE DEPARTMENT	
6.1 6.2 6.3 6.4 6.5 6.6 6.6.1 6.7 6.8 6.9 6.10 6.11 6.12	Main Engines Bulkhead Stops Pres Reducing Stations "Lesli" Main & Aux Sir Ejectors Gland Seal Regulators Boiler Mounts - Major Main Steam Stops Boiler Mounts - Minor Boiler Uptakes Fwd Stack - Boiler No. 1 Aft Stack - Boiler No. 3 Boiler No. 1 Boiler No. 2 Boiler No. 4	4,041 3,323 13,925 7,732 5,311 15,784 8,908 13,776 6,626 40,854 49,822 76,456 43,826 76,456
6.14	Aft Main Eng, Aft Eng Rm, HP & LP Flexible Coupling Fwd Eng Rm Main Eng Flexible	12,510 10,901
6.16 6.17 6.18 6.19 6.20	Coupling LP & HP Aft Eng Rm No. 2 LP Turbine Aft Eng Rm No. 2 HP Turbine Fwd Main Eng Reduction Gear Main Output Shaft Mn Lube Oil Sump-Fwd & Aft E/R	30,949 21,672 2,197 28,189 5,879

6.41	Luce OII Sump Coffer Dams	6,038
6.22	Mn Red Gear Lube il Strainer	10,522
6.23	Salinity System CNab"	2,381
6.24	Main Condenser #1 and #2	14,628
6.25	Emer Gen Swtchbd Repair/Maint	6,626
6.25.1	Emer Gen Swtchbd Repair/Maint	9,117
6.26	Painting and Preservation	3,572
6.27	Main Switchboard, Fwd & Aft	7,962
6.28	Main Circulator Pump	10,263
6.29	Main Condensate Pumps	18,235
6.30	Auxiliary.Condensate Pumps	24,552
6.31	Boiler Feed Pumps	25,907
6.32	Sanitary Pumps	6,487
6.33	Auxiliary Circulating Pumps	9,645
6.34	Hot Wtr Heaters, Fwd & Aft E/R	51,246
6.35	D.C. Heaters	3,886
6.36	1st Stage Htr, Fwd & Aft E/R	11,389
6.37	Tanks	3,861
6.38	Garbage Disposal Tank	16,043
6.39	Atmospheric Drain Tanks	12,717
6.40	Chill Water Reserve Tank	. ,
6.41	No. 4 Boiler - Air Heater	5,446
6.42	Stbd/Fwd Lube Oil Serv Pump #1	4,459
6.43	F.D. Fan Group Controllers	1,475
6.44	Main Circulating Pump Motor	3,385
6.45	Stern Thruster Compartment	17,931
6.46	Modifications	3,268
6.47	Chill Water Reserve Tank	9,337
		-,
		779,515
	SECTION 7 ENG ROOM SEA VALVE LIST	
7.1	Fwd Engine Room	23,654
$7.1 \\ 7.2$	Aft Engine Room	22,960
7.3	Auxiliary Machinery Space	6,087
1.3	Auxiliary Machinery Space	0,007
		52,701
		•
	SECTION 8 CLAPPER AND OVERFLOW VALVE	
	SECTION 6 CHAFFER AND OVERFLOW VALVE	
8.1	Bow Thruster Room	865
8.2	#2 Cargo Hold	741
8.3	#3 and #4 Cargo Hold	813
8.4	Pilot Port	1,236
8.5	Fwd Engine Room	1,977
8.6	Auxiliary Machinery Space	247
8.7	Aft Engine Room	2,224
8.8	Main Laundry	865
8.9	#5 Cargo Hold	1,236
8.10	#6 Cargo Hold	741
8.11	Coral Theate	618
8.12	Telephone Exchange	618
8.13	Stern Thruster Room	1,236
8.14	Steering Gear Room	618
		14,035

•	SECTION 9 STEE PLATE RENEWALS	
9.1 9.2 9.3 9.4 9.5 9.6 9.7 9.8 9.9 9.10 9.11 9.12 9.13 9.14 9.15 9.16 9.17 9.18 9.19 9.20 9.21	Prices "F" Strake Plate F-5 "G" Strake Internals in Way of No. 2 Stbd Main Frames Beam Knees Keel Plate - FK-5 Fwd Keel Plate - FK-5 Aft "A" Strake Plate A-4 "A" Strake Plate A-5 "A" Strake Plate A-6 "A" Strake Plate A-7 "A" Strake Plate A-8 "B" Strake Plate B-6 "B" Strake Plate B-7 Fresh Water Ballast Tanks No. 3 Pt & Stbd Dbl Btm Tanks Tank Top Renewals No. 7 Stbd Outboard #11 Pt Side Dbl Btm Tank #11 Stbd Double Bottom Tank	70,523 32,155 22,074 4,912 37,915 24,121 22,582 28,948 52,772 32,199 52,772 73,385 23,169 15,461 10,307 1,892 24,295 15,631 36,084 103,275 103,275
	GENERAL DECK DEPARTMENT	
10.1 10.2 10.3 10.4 10.5 10.6 10.7 10.8 10.9 10.10 10.11 10.12 10.13 10.14 10.15 10.16 10.17 10.18 10.19 10.20 10.21 10.22	Lifeboat Davits (7) Boats Stacks Kingposts Radar Masts Port Holes Ship's Bridge Wood Decking - Up Deck Lanai Deck Substrate Steering Stand Search Light - Wheel House Roller Chocks Sun Deck Plexi Wind Breaks Side Porter Crane Gabage Room "B" Deck Tension Winch Starlight Lounge/Solarium Crew Hospital Barefoot Bar Upper Deck Wind Break Cargo Booms Deck Drain	31,866 28,772 19,331 7,583 5,605 5,769 9,335 3,737 33,415 101,586 334 4,472 10,926 20,561 16,486 SEPARATE 10,532 9,429 1,019 13,297 1,136 6,123
		·

Grand Total

2,620,661

الطينيلك والمات	La ON	
4.5	No. 1 Deep Tank	87,172
4.6	No. 4 & 5 Deep Taxks	110,197
6.9	Fwd Stack - Boiler No. 1	40,854
6.10	Aft Stack - Boiler No. 3	49,822
6.11	Boiler No. 1	76,456
6.12	Boiler No. 2	43,826
6.13	Boiler No. 4	76,456
10.9	Deck Substrate	33,415
10.10	Steering Stand	101,586
10.14	Side Porter Crane	20,561
	SUBTOTAL CANCELLATIONS	640,345
	TOTAL CONTRACT PRICE	1,980,316

#### NOTICE OF TERMINATION OF ASSIGNMENT

MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("Morgan") and the undersigned companies and partnership as the owner (the "Owner") and the operators (the "Operators") of the United States flag vessels S.S. CONSTITUTION, Official No. 262027, and S.S. INDEPENDENCE, Official No. 261147 (the "Vessels") HEREBY GIVE NOTICE that the Security Agreement dated as of May 22, 1987, by which the Owner and the Operators assigned to Morgan all the Owner's and Operators' right, title and interest in and to all insurances and the benefit of all insurances effected and to be effected in respect of the Vessels, including all claims of whatsoever nature thereunder, has been terminated effective the date hereof. This Notice is to be endorsed on, and the Loss Payable Clause describing such assignment is to be deleted from, all policies and certificates of entry evidencing such insurance.

FROM AND AFTER THE DATE HEREOF, ALL AMOUNTS OF WHATEVER NATURE PAYABLE UNDER ANY INSURANCE WITH RESPECT TO EITHER VESSEL SHALL BE PAID DIRECTLY TO THE OWNER OR AS OTHERWISE DIRECTED BY THE OWNER.

Dated: Norman , 1989

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By

AMERICAN GLOBAL LINE INC., for itself and on behalf of American Hawaii Cruises Joint Venture

AMERICAN HAWAII CRUISES, INC. for itself and on behalf of

American Hawaii Cruises

Joint Venture

By Cigery L. Flerette



#### PAYMENT AUTHORITY

TO THE UNDERWRITERS CONCERNED IN:

POLICY NO. : HY 0140 (CONF SF 87 H 32)

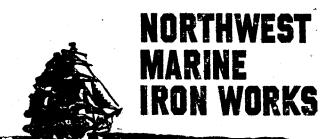
"VESSEL" : "CONSTITUTION"

CASUALTY DATE: Bottom Damage - March 14, 1988

We hereby authorize you to pay your respective proportion of all claims to Northwest Marine Iron Works, a subsidiary of Southwest Marine, Inc., and we agree that such payments, whether in account or otherwise, shall be a complete discharge of the Underwriters concerned in respect of such amounts paid.

Signed						
•	American	Global	Line	Inc.	(Owr	ers)
				ı	•	
	American	Hawaii	Cruis	ses,	Inc.	(Managers

EXHIBIT "D"



PORTLAND, OREGON

**ALLOWABLE COSTS INCURRED** 

**FOR** 

USS DULUTH (LPD-6)

CONTRACT NO. N00024-85-C-8506 AWARD DATE: 19 AUGUST 1985



### NORTHWEST MARINE IRON WORKS

MAILING

P.O. BOX 3109

ADDRESS:

PORTLAND, OR 97208

5555 N. CHANNEL AVE., BLDG. 2 PORTLAND, OREGON 97217

PHONE:

(503) 285-7557

910-464-6107 NORMARINE PTL

30 April 1987

Supervisor of Shipbuilding, Conversion, and Repair, USN 7500 Sandpoint Way Seattle, WA. 98115-5003

Attention: Code 410

Subject:

Incurred Costs for USS DULUTH (LPD-6)

Contract No. N00024-85-C-8506

Dear Sir:

This report is submitted to the Supervisor of Shipbuilding, Conversion, and Repair, Seattle, Washington, in compliance with clauses I-2-28(c), Data Submission of Allowable Costs Incurred, and I-2-30, Certification of Overhead Costs, for the subject contract.

Should any questions develop from this report, please do not hesitate to call me.

Very truly yours

Ronald L. Walquist Chief Operating Officer **INDEX** 

### **INDEX**

### USS DULUTH (LPD-6)

# STATEMENT OF ALLOWABLE COSTS INCURRED CONTRACT NO. N00024-85-C-8506

- Standard Form 1411
- Summary of Allowable Costs Incurred
- Certificate of Overhead Costs
- Facilities Cost of Money (FCOM):
  - -Form CASB-CMF Facilities Capital/Cost of Money Factors Computation
  - -Form 1861 Contract Facilities Capital and Cost of Money
  - -Schedule of Contractors Cost Accounting Periods and Other FCOM Information

**STANDARD FORM 1411** 

-						
CONTRACT	PRICING PROPOSAL COVER SHEET	NO. NOO24-85		CATION	FORM APPRO OMB NO. 3090-01	
NOTE: This form is us	ed in contract actions if submission of cost or pricing de	<del></del>			3030-01	
2. NAME AND ADDRE	SS OF OFFEROR (Include ZIP Code)	JA. NAME AND TITLE OF			3B. TELEPHO	
	Marine Iron Works	Ronald oberati	quist na Offic	er	503/285	-/55/
	hannel Avenue		E OF CONTRAC		N (Check)	· · · · · · · · · · · · · · · · · · ·
Portland,	Oregon 97217	A. NEW CONTRACT			TER CONTRAC	T
		B. CHANGE ORDER			RICED ORDER	
		C. PRICE REVISION/			curred Co	osts
S. TYPE OF CONTRAC	Y (Check)	- <del> </del>	PROPOSED CO	ST (A+B+	·C)	
☐ FFP ☐	CPFF CPIF CPAF	A. COST	B. PROFIT/FE	E	C. TOTAL	
XXFPI	OTHER (Specify)	\$ 25,093,862	<b> \$ -0-</b>		\$25,093	,862
Portland Sh	ip Repair Yard, Portland, Oation of the contract	regon				·
	e identification, quantity and total price proposed for e ise specified by the Contracting Officer. (Continue on r					cap is re-
A LINE ITEM NO.	B IDENTIFICATION	everse, and then on plain pa	C QUANTITY		TAL PRICE	E REF.
7. 2	o lockiii iokiiok		3 333,111	1 -		
0001	USS DULUTH (LPD-6)		1 Ship Set	\$25	,093,862	
				-		
A. CONTRACT ADMIN	9 PROVIDE NAME, ADDRESS, AND TELEPHO	NE NUMBER FOR THE FO	OLLOWING (II	available)	·	
	of Shipbuilding,	D.C.A.A.				
Conversion	n and Repair, USN	620 S.W. Ma			oom 206	
Seattle, W	ashington 98115	Portland, 0	regon S	97205		
10. WILL YOU REQUI	RE THE USE OF ANY GOVERNMENT PROPERTY ANCE OF THIS WORK? (If "Yes," identify)	11A DO YOU REQUIRE MENT CONTRACT TO PERFORM THIS CONTRACT?(II "Y Item 11B)	FINANCING	☐ ADV	OF FINANCIN	PROGRESS AYMENTS
YES XX NO		XXYES NO			RANTEED LOA	
FOR THE SAME OF	AWARDED ANY CONTRACTS OR SUBCONTRACTS R SIMILAR ITEMS WITHIN THE PAST 3 YEARS? lem(a), cullomer(a) and contract number(a))	MATING AND ACCO	UNTING PRAC	TICES AN	ID PROCEDUR	ES AND
X YES NO	and the second of the contract democitely	X YES NO	· ····································	., 170.		
US Navy: USS	S CUSHING -NOOO24-85-C-8523 BSERVATION ISLAND -NOOO33-8	}				•
14	COST ACCOUNTING STANDARDS BOARD ICASBI					
	ACTION BE SUBJECT TO CASE REGULA:  Plain in proposal)  Exempt due to Small Busines:	B. HAVE YOU SUBMITT (CASB DS 1 or 2)! (II submitted and if deterr YES X NO	ED A CASB DIS "Yes." specify is mined to be adec	SCLOSUR n proposal juale)	E STATEMENT the office to wi	nich .
C HAVE YOU BEEN N	OTIFIED THAT YOU ARE OR MAY BE IN NON: YOUR DISCLOSURE STATEMENT OR COST NOARDS? (If "Yee," explain in proposal)	D. IS ANY ASPECT OF T DISCLOSED PRACTIC STANDARDS?(II "Yes	ES OR APPLIC	ABLE CO	ST ACCOUNTI	YOUR
	nitted in response to the RFP contract, modification, et		best estimates	nd/or acti	ual costs as of th	is date:
15. NAME AND TITLE	(Type)	16. NAME OF FIRM		,		
Ronald L. Wa Chief Operat	ilquist ) ina Officer	Northwest M	larine Ir		rks	
Van	olalam	·			pril 198	
NSN 7540-01-142-9645	141	1-101		Prescri	DARD FORM 14 bed by GSA 46 CFR) 53.215	

SUMMARY OF ALLOWABLE COSTS INCURRED

# SUMMARY OF ALLOWABLE COSTS INCURRED USS DULUTH (LPD-6) CONTRACT NO. N00024-85-C-8506

	AL	LOWABLE COSTS INCURRED FYE 5/31/86	ALL	OWABLE COSTS INCURRED YTD 5/31/87	OTAL ALLOWABLE
PRODUCTION HOURS		596,064	_	19,051	615,115
HOURLY RATE:					
Wages	\$	11.24 *	\$	11.66 *	
_ Payroll Taxes and Benefits	•	8.74	•	7.61	
Production Overhead		4.64		7.20	
General and Administration		2.23		5.37	
Facilties Cost of Money		0.59		1.00	
	\$	27.44	\$	32.84	
	\$	16,358,838	\$	625,602	\$ 16,984,440
PURCHASES					
(Materials and Subcontractors)		6,153,740		1,257,798	7,411,538
INVENTORY USED		690,134	. —	7,750	697,884
• · · · · · · · · · · · · · · · · · · ·	\$	23,202,712	\$_	1,891,150	\$ 25,093,862

**CERTIFICATE OF OVERHEAD COSTS** 

### CERTIFICATE OF OVERHEAD COSTS

# USS DULULTH (LPD-6) CONTRACT NO. N00024-85-C-8506

- 1. I have reviewed the claim submitted herewith:
- 2. All costs included in this claim for final settlement for the fiscal years ending May 31, 1986 and 1987 are allowable in accordance with the requirement of contracts to which they apply and with the cost principles of the Department of Defense applicable to those contracts;
- 3. This claim does not include any costs which are unallowable under applicable cost principles of the Department of Defense, such as (without limitation): advertising and public relations costs (FAR 31.205-1), contributions and donations (FAR 31.205-8), entertainment costs (FAR 31.205-14), fines and penalties (FAR 31.205-15), lobbying costs (FAR 31.205-22), defense of fraud proceedings (FAR 31.205-47), and goodwill (FAR 31,205-49); and
- 4. All costs included in this claim benefit the Department of Defense and are demonstrably related to or necessary for the performance of the Department of Defense contract covered by the claim.

I declare under penalty of perjury that the foregoing is true and correct.

Firm:	NORTHWEST MARINE IRON WORKS	
Signature:	Van Colym	
Name of Corporate Official:	RONALD L. WALQUIST	
Title:	CHIEF OPERATING OFFICER	
Date of Execution:	APRII 30 1087	

**FACILITIES COST OF MONEY** 

NTRACTOR: Northwest Marine ISINESS UNIT:	Iron Works		N00024-85-C-85			
DRESS 5555 N. Channel Av Portland, Oregon			PERFORMANCE PER Fiscal Year E			
1. OVERHEAD POOLS	2. COST ACCOUNTING	2. COST 3. CONTRACT OVERHEAD		FACILITIES CAPITAL COST OF MONI		
	PERIOD	BASE	4FACTORS	5. AMOUNT		
Production Overhead	\$ 968,929	1,680,650 hrs	\$ .58/hour	\$ 345,717		
General & Administration	\$ 25.843	1,680,650 hrs	\$ .01/hour	\$ 5,961		
	·					
	:					
,						
			·			
				-		
		,				
			-			
ONTRACT FACILITIES CAPITAL COST OF MONEY				\$ 351,678		
CILITIES CAPITAL COST OF MONEY RATE	***************************************	<u>·</u>		10.75%		
ONTRACT FACILITIES CAPITAL EMPLOYED				\$3,271,423		

FORM CASB-CMF

## FACILITIES CAPITAL COST OF MONEY FACTORS COMPUTATION

USS DULUTH (LPD-6) / USS CUSHING (DD-985) N00024-85-C-8506 / N00024-85-C-8523

FYE MAY 31, 1986

CONTRACTOR:	Northwest Mari	ne Iron Work	S			nnel Avenue				
BUSINESS UNIT:			<del></del>	Portland, Oregon 97217						
COST ACCOUNT	ING PERIOD:	1. APPLICABLE COST OF MONLY RATE 10.05	2. ACCUMULATION & DIRECT DIST RI- BUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS		
	RECORDED	· · · · · · · · · · · · · · · · · · ·	\$9,253,694	BASIS OF	COLUMNS	COLUMNS	IN UNIT(S) *	COLUMNS		
BUSINESS UNIT FACILITIES CAPITAL	LEASED PROPERTY		. '	ALLOCATION	2 + 3	1×4	OF MEASURE	5 ÷ 6		
	CORPORATE OR GRO	)UP								
	TOTAL									
	UNDISTRIBUTED	·								
	DISTRIBUTED		\$9,253,694							
								,		
			\$9,013,291		\$9,013,291	\$ 968,929	1,680,650	\$ .58/hour		
								ļ ·		
OYERHEAD POOLS										
G&A EXPENSE POOLS			\$ 240,403		\$ 240,403	\$ 25,843	1,680,650	5 .01/hour		
TOTAL		<del></del>	\$9,253,694		\$9,253,694	\$ 994,772	/////////	11/1/1/1/1/		

<sup>\*-</sup>Production Hours

NTRACTOR:				AND COST OF MOI	RFP/CONTE	RACT PIIN I			
SINESS UNIT:	Northwest Marine Iron Works				N00024-85-C-8506				
DORESS 5555 N. Channe Portland, Orec						PERFORMANCE PERIOD Fiscal Year Ending 5/31/87			
1. OVERHEAD POOLS			2. COST CCOUNTING	3. CONTRACT OVERHEAD ALLOCATION	FACILITIES CAPITAL COST OF MONE				
		PERIOD		BASE	4. FACTORS		5. AMOUNT		
Production O	verhead	\$	709,756	730,464 hrs	\$ .97/	hour	\$ 18,479		
General & Adr	ninistration ·	\$	19,295	730,464 hrs	\$ .03/	hour	\$ 572		
			**************************************		<del> </del>				
			<u> </u>		-		·		
					<del> </del>				
					<b> </b>				
					1		A-10.		
	· · · · · · · · · · · · · · · · · · ·		<u>.</u>		<u> </u>		<u> </u>		
		1		:	ì				
		1		;					
		i							
<del></del>		i	<del></del>	ļ.	1				
	· · · · · · · · · · · · · · · · · · ·								
	·		·						
<del></del>			······································	:	<b> </b>				
					<del> </del>				
			· · · · ·						
DNTRACT FACILITIE	ES CAPITAL COST OF MON	EY		· · · · · · · · · · · · · · · · · · ·		\$	19,051		
CILITIES CAPITAL	COST OF MONEY RATE		· ·				8.63%		
ONTRACT FACILITIES CAPITAL EMPLOYED			l		220,753				

FORM 1861

PREVIOUS EDITIONS ARE OBSOLETE

FORM CASB-CMF

### FACILITIES CAPITAL COST OF MONEY FACTORS COMPUTATION

USS DULUTH (LPD-6) / USS CUSHING (DD-985) NOO024-85-C-8506 / NOO024-85-C-8523

COMTRACTOR				A000555 5555	N. Cl	1 August	<del></del>		
CONTRACTOR: Northwest Marine Iron Works BUSINESS UNIT:				ADDRESS: 5555 Port					
COST ACCOUNTING PERIOD:		2. ACCUMULATION & DIRECT DIST RI- BITTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	S. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS		
<del></del>	CORPORATE OR GROUP		BASISOF	COLUMNS	COLUMNS	IN UNIT(S) *	COLUMNS		
BUSINESS			·	ALLOCATION	2 + 3	1×4	OF MEASURE	5 + 6	
UNIT									
FACILITIES TOTAL									
	UNDISTRIBUTED								
	DISTRIBUTED		\$8,447,870						
			\$8,224,291		\$8,224,291	\$ 709,334	\$ 730,464	\$ .97/hour	
OVERVEAR									
OVERHEAD POOLS				13					
					\$ 223,579	\$ 19,295	\$ 730,464	\$ .03/hour	
			1 ( 222 670		. / لا و ل ع ي لا إ	1 4 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	, 55, 10	1	
G&A EXPENSE POOLS			\$ 223,579						
			\$ 223,579						

<sup>\*-</sup>Production Hours

# SCHEDULE OF CONTRACTORS COST ACCOUNTING PERIODS AND OTHER FCOM INFORMATION

# USS DULUTH (LPD-6) CONTRACT NO. N00024-85-C-8506

#### Contract Performance Period:

29 September 1985 through 26 July 1986

#### Contractor's Cost Accounting Periods:

FYE

May 31, 1986

FYE

May 31, 1987

### Applicable Interest Rates:

Interest Rates Issued by the Secretary of the Treasury:

	1985	1986	1987
January through June	12.13%	9.75%	7.63%
July through December	10.38%	8.50%	N/A

### Average Interest Rates for Contractor's Cost Accounting Periods:

**FYE** 

May 31, 1986

10.75%

FYE

May 31, 1987

8.63%

#### Contractor's Average Net Book Values:

FYE

May 31, 1986

\$ 9,253,694

**FYE** 

May 31, 1987

\$ 8,447,870

#### Contractor's Mix of Production Hours:

FYE	G	OVERNMI	ENT HOUR	6		COMMERCIAL HOURS	TOTAL HOURS
	OBSERVATION ISLAND	STORIS	CUSHING	DULUTH	TOTAL		
MAY 31, 1986	. 0	137,278	. 669,007	596,064	1,402,349	278,302	1,680,650
MAY 31, 1987	54,689	57,391	67,055	19,051	198,184	532,280	730,464
TOTAL	54, 689	194,668	736,062	615,115	1,600,533	810,582	2,411,114



## NORTHWEST MARINE IRON WORKS

PORTLAND, OREGON

**ALLOWABLE COSTS INCURRED** 

**FOR** 

USS CUSHING (DD-985)

CONTRACT NO. N00024-85-C-8523 AWARD DATE: 17 JULY 1985 **INDEX** 

### **INDEX**

### USS CUSHING (DD-985)

# STATEMENT OF ALLOWABLE COSTS INCURRED CONTRACT NO. N00024-85-C-8523

- Standard Form 1411
- Summary of Allowable Costs Incurred
- Certificate of Overhead Costs
- Facilities Cost of Money (FCOM):
  - -Form CASB-CMF Facilities Capital/Cost of Money Factors Computation
  - -Form 1861 Contract Facilities Capital and Cost of Money
  - -Schedule of Contractors Cost Accounting Periods and Other FCOM Information

**STANDARD FORM 1411** 

OTE: This form is used in contract actions if submission of cost or pricing NAME AND ADDRESS OF OFFEROR (Include ZIP Code)  Northwest Marine Iron Works  5555 N. Channel Avenue  Portland, Oregon 97217	Ronald L. Wa Chief Operat	<del>rofferors</del> lauist	POINT 38. TELE	PHONE NO.
NAME AND ADDRESS OF OFFEROR (Include ZIP Code)  Northwest Marine Iron Works  5555 N. Channel Avenue	Ronald L. Wa Chief Operat	<del>rofferors</del> lauist	503/2	
5555 N. Channel Avenue	Ronald L. Wa Chief Operat	lquist	1503/2	OC 7557
5555 N. Channel Avenue		าทัก ()††ำ	, , , , , , , , , , , , , , , , , , ,	285-7557
	A TYPE			
Tortrand, oregon 3/21/	<del>                                     </del>	OF CONTRACT	T ACTION (Check)	
	A. NEW CONTRACT		D. LETTER CONT	
•	B. CHANGE ORDER		F. OTHER (Specif	
	C. PRICE REVISION/ REDETERMINATION	ON X	Incurred	Costs
TYPE OF CONTRACT (Check)	6.	PROPOSED COS	ST (A+B=C)	
FFP CPFF CPAF	A. COST	B. PROFIT/FE	<b>I</b>	
FPI OTHER (Specify)	<b>\$</b> 31,611,280	\$ -0-	<u>[\$31,6</u>	<u>511,280</u>
PLACE(S) AND PERIOD(S) OF PERFORMANCE  Pontland Chin Donain Vand Dontland	Onogon			
Portland Ship Repair Yard, Portland,	oregon			
For the duration of the contract.				<del></del>
List and reference the identification, quantity and total price proposed for quired unless otherwise specified by the Contracting Officer. <i>(Continue or</i>				
A LINE ITEM NO. B. IDENTIFICATION		C. QUANTITY	D. TOTAL PRIC	
		<u> </u>		
0001 USS CUSHING (DD-985)		1 Ship	\$31,611,2	80
		Set		Í
,				İ
				ŀ
-		Ì		l
		:		ļ
		· •	ľ	ŀ
)  -  -			ľ	ŀ
9. PROVIDE NAME, ADDRESS, AND TELEPH	HONE NUMBER FOR THE FO	LLOWING (II a	vailable)	
CONTRACT ADMINISTRATION OFFICE	B. AUDIT OFFICE			
pervisor of Shipbuilding,	D.C.A.A.			
onversion and Repair, USN	620 S.W. Ma		-	16
attle, Washington 98115	Portland, O	regon !	97205	
WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY	11A. DO YOU REQUIRE	GOVERN 11	B. TYPE OF FINAL	NCING (/ one)
IN THE PERFORMANCE OF THIS WORK! (If "Yes," identify)	MENT CONTRACT I TO PERFORM THIS CONTRACT? (If "Ye	PROPOSED	ADVANCE [	PROGRES
	Item 11B)	. complete	PAYMENTS [	A PAYMENT
YES X NO	X YES NO		] GUARANTEED	
HAVE YOU BEEN AWARDED ANY CONTRACTS OR SUBCONTRACTOR THE SAME OR SIMILAR ITEMS WITHIN THE PAST 3 YEARS?	MATING AND ACCOU	JNTING PRACT	ICES AND PROCE	ISHED ESTI- DURES AND
(If "Yes," identify item(s), customer(s) and contract number(s))	FAR PART 31 COST F	PRINCIPLES? (II	f "No," explain)	
Navy: USS DULUTH - N00024-85-C-8506	X YES NO	-		
. UCNC ODCEDNATION ICLAND - NOOD22 OF	- 11 0207			
: USNS OBSERVATION ISLAND - NOO033-85	5-H-030/			•
14. COST ACCOUNTING STANDARDS BOARD (CAS	B) DATA (Public Law 91-379	as amended and	FAR PART 301	
WILL THIS CONTRACT ACTION BE SUBJECT TO CASB REGULA- TIONS? (If "No," explain in proposal)	B. HAVE YOU SUBMITTE	D A CASE DIS	CLOSURE STATEM	ENT to which
	submitted and if determ	ined to be adequ	uate)	
yes 🗓 No Exempt due to Small Busine	<u> </u>			
HAVE YOU BEEN NOTIFIED THAT YOU ARE OR MAY BE IN NON- COMPLIANCE WITH YOUR DISCLOSURE STATEMENT OR COST LOCALINING STANDARDS 1/1/1/1/1/1/1/1/1/1/1/1/1/1/1/1/1/1/1/	D. IS ANY ASPECT OF THE	FS OR APPLICA	ARI F COST ACCOL	ITH YOUR
CCOUNTING STANDARDS? (II "Yes," explain in proposal)	STANDARDS (III "Yes	, expiain in pro	posal)	
	<del></del>			
This assessed in submitted in second	etc. in Item 1 and reflects our	Dest estimates er	nd/or actual costs as	of this date.
This proposal is submitted in response to the RFP contract, modification, NAME AND TITLE (Type)	116. NAME OF FIRM			
NAME AND TITLE (Type)		_		
Ronald L.) Walguist	Northwest M	arine Iro	on Works	
NAME AND TITLE (Type)		arine Iro	on Works <del>110. date of su</del> e	MISSION
Ronald L. Walquist Chief Operating Officer		arine Iro	18. DATE OF SUB	
Ronald L. Walquist Chief Operating Officer		arine Iro		
Ronald L. Walquist Chief Operating Officer SIGNATURE SN 7540-01-142-0945		arine Iro	18. DATE OF SUB	1987

SUMMARY OF ALLOWABLE COSTS INCURRED

# SUMMARY OF ALLOWABLE COSTS INCURRED USS CUSHING (DD-985) CONTRACT NO. N00024-85-C-8523

			YTD 5/31/87		OTAL ALLOWABLE COSTS INCURRED
	669,007	_	67,055		736,062
٠		•			
\$	11.50 *	\$	11.88 *		
	8.74		7.61		
	4.64		7.20		
	2.23		5.37		
	0.59	_	1.00	,	
\$	27.70	\$_	33.06		
\$	18,532,724	\$	2,216,774	\$	20,749,498
•	7,685,814		2,485,244		10,171,058
	647,438	_	43,286		690,724
\$	26 865 976	\$	4 745 304	\$	31,611,280
	\$	\$ 11.50 * 8.74 4.64 2.23 0.59 \$ 27.70 \$ 18,532,724  7,685,814 647,438	\$ 11.50 * \$ 8.74	\$ 11.50 * \$ 11.88 * 7.61   4.64	\$ 11.50 * \$ 11.88 * 7.61   4.64

\* ROUNDED

**CERTIFICATE OF OVERHEAD COSTS** 

### CERTIFICATE OF OVERHEAD COSTS

### USS CUSHING (DD-985) CONTRACT NO. N00024-85-C-8523

- 1. I have reviewed the claim submitted herewith:
- 2. All costs included in this claim for final settlement for the fiscal years ending May 31, 1986 and 1987 are allowable in accordance with the requirement of contracts to which they apply and with the cost principles of the Department of Defense applicable to those contracts;
- 3. This claim does not include any costs which are unallowable under applicable cost principles of the Department of Defense, such as (without limitation): advertising and public relations costs (FAR 31.205-1), contributions and donations (FAR 31.205-8), entertainment costs (FAR 31.205-14), fines and penalties (FAR 31.205-15), lobbying costs (FAR 31.205-22), defense of fraud proceedings (FAR 31.205-47), and goodwill (FAR 31.205-49); and
- 4. All costs included in this claim benefit the Department of Defense and are demonstrably related to or necessary for the performance of the Department of Defense contract covered by the claim.

I declare under penalty of perjury that the foregoing is true and correct.

Firm: _	NORTHWEST MARINE IRON WORKS
Signature:	fan Volgun
Name of Corporate Official: _	RONALD L. WALQUIST
Title:	CHIEF OPERATING OFFICER
Date of Execution:	APRIL 30, 1987

**FACILITIES COST OF MONEY** 

NTRACTOR: Northwes	t Marine Iro			AND COST OF MON	N00024-85-C-		
SINESS UNIT:							
	5555 N. Channel Avenue Portland, Oregon 97217			•	Fiscal Year Ending 5/31/8		
1. OVERHEAD POOL	s	^	2. COST CCOUNTING PERIOD	3. CONTRACT OVERHEAD ALLOCATION	D FACILITIES CAPITAL COST		
		-		BASE	4. FACTORS	5. AMOUNT	
Production Overhead		\$	968,929	1,680,650 hrs	\$ .58/hour	\$ 388,024	
General & Administrati	on ·	\$	25,843	1,680,650 hrs	\$.01/hour	\$ 6,690	
		<del> </del>		3 "			
		-	<u> </u>				
		-					
		-					
		-		,			
	-						
	~	,					
		-					
		-					
DNTRACT FACILITIES CAPITAL C						\$ 394,714	
CILITIES CAPITAL COST OF MON DNTRACT FACILITIES CAPITAL E	IEY RATE					10.75%	

FORM CASB-CMF

# FACILITIES CAPITAL COST OF MONEY FACTORS COMPUTATION

USS DULUTH (LPD-6 N00024-85-C-8506

/ USS CUSHING (DD-985) NO0024-85-C-8523

FYE MAY 31, 1986

	,			MAY 31, 198				
CONTRACTOR: Northwest Marine Iron Works BUSINESS UNIT:			ADDRESS: 5555 N. Channel Avenue Portland, Oregon 97217					
COST ACCOUNT	ING PERIOD:	1. APPLICABLE	2. ACCUMULATION & DIRECT DIST RI- BUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	S. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
	RECORDED	<del></del>	\$9,253,694	BASISOF	COLUMNS 2 + 3	COLUMNS	IN UNIT(S) *	COLUMNS
BUSINESS	LEASED PROPERTY	,		ALLOCATION		1×4	OF MEASURE	\$ + 6
UNIT	CORPORATE OR GR	OUP						
CAPITAL	TOTAL							
	UNDISTRIBUTED							
	DISTRIBUTED		\$9,253,694					
,			,					
			\$9,013,291		\$9,013,291	\$ 968,929	\$1,680,650	\$ .58/hour
OYERHEAD POOLS								
		· · · · · · · · · · · · · · · · · · ·			1	:	ı	
G&A EXPENSE			\$ 240,403		\$ 240,403	25,843	\$1,680,650	\$ .01/hour
POOLS								
TOTAL		,	\$9,253,694		\$9,253,694	\$ 994,772	/////////	11/1/1/1/1/

<sup>\*-</sup>Production Hours

· .		T FACILITIES CAPITA			NG (DD-985)	
TRACTOR:	Northwest Marine	REP/CONTRACT PIIN NO. NO0024-85-C-8523				
MESS	5555 N. Channel Portland, Oregon			Fiscal Year E	nding 5/31/87	
1. 0 V	ERHEAD POOLS	2. COST ACCOUNTING	3. CONTRACT OVERHEAD ALLOCATION	FACILITIES CAPITAL COST OF MO		
		PERIOD	BASE	4. FACTORS	5. AMOUNT	
Producti	on Overhead	\$ 709,756	730,464 hrs	\$ .97/hour	\$ 65,043	
General	& Administration	\$ 19,295	730,464 hrs	\$ .03/hour	\$ 2,012	
		<u> </u>	:			
					-	
NTRACT FACULTS	ES CAPITAL COST OF MONEY	,			\$ 67,055	
		·				
	COST OF MONEY MATE	1			8.63%	
TRACT FACILITI	ES CAPITAL EMPLOYED	•			\$ 776,999	

FORM CASB-CMF

## FACILITIES CAPITAL COST OF MONEY FACTORS COMPUTATION

USS DULUTH (LPD-6) / USS CUSHING (DD-985) NO0024-85-C-8506 / NO0024-85-C-8523

FYE MAY 31, 1987

CONTRACTOR: Northwest Marine Iron Works DUSINESS UNIT:			ADDRESS: 5555 N. Channel Avenue Portland, Oregon 97217					
COST ACCOUNT	ING PERIOD:	1. APPLICABLE COST OF MONEY RATE D. D. 3	2. ACCUMULATION & DIRECT DIST RI- BUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
	RECORDED		\$8,447,870	BASISOF	COLUMNS	COLUMNS	IN UNIT(S) *	COLUMNS
BUSINESS	LEASED PROPERTY			ALLOCATION	2 + 3	1×4	OF MEASURE	5 + 6
UNIT FACILITIES	CORPORATE OR GRO	OUP	:					
CAPITAL	TOTAL			]				
	UNDISTRIBUTED			<del></del> 1				•
	DISTRIBUTED		\$8,447,870		1			]
OVERHEAD POOLS			\$8,224,291		\$8,224,291	\$ 709,756 \$ 19,295	730,464	\$ .97/hou
G&A EXPENSE POOLS			\$ 223,579		\$ 223,575	\$ 19,295	730,404	\$ .03/11041
TOTAL			\$8,447,870		\$8,447,870	\$ 729,051	111111111	11/1/1/1/1/

<sup>\*-</sup>Production Hours

## SCHEDULE OF CONTRACTORS COST ACCOUNTING PERIODS AND OTHER FCOM INFORMATION

# USS CUSHING (DD-985) CONTRACT NO. N00024-85-C-8523

#### Contract Performance Period:

29 September 1985 through 26 July 1986

#### Contractor's Cost Accounting Periods:

FYE

May 31, 1986

FYE

May 31, 1987

#### Applicable Interest Rates:

Interest Rates Issued by the Secretary of the Treasury:

	1985	1986	1987
January through June	12.13%	9.75%	7.63%
July through December	10.38%	8.50%	N/A

#### Average Interest Rates for Contractor's Cost Accounting Periods:

FYE

May 31, 1986

10.75%

FYE

May 31, 1987

8.63%

#### Contractor's Average Net Book Values:

FYE

May 31, 1986

\$ 9,253,694

FYE

May 31, 1987

\$ 8,447,870

#### Contractor's Mix of Production Hours:

FYE	GOVERNMENT HO	OURS	COMMERCIAL HOURS	TOTAL HOURS			
	OBSERVATION ISLAND	STORIS	CUSHING	DULUTH	TOTAL		
MAY 31, 1986	. 0	137,278	669,007	596,064	1,402,349	278,302	1,680,650
MAY 31, 1987	54,689	57,391	67,055	19,051	198,184	532,280 *	730,464
TOTAL	54, 689	194,668	736,062	615,115	1,600,533	810,582	2,411,114

THIS SHUD HELP UPDATE YOUR PROGRAMS REMEMBER THESE A DRE DOLLY BEST QUESS

RIDITION TO THE SEC IT THE		
NORTHVEST MARINE IRDNUGRKS	PLANNED BY	DATE
SWAN ISLAND		:
PORTLAND. OR 972ØB		·
PROJECT BID RUN CONTROL FILE FLEC		
BID AND CONSTRUCTION ACTIVITY	APPROVED BY	DATE
ALL WEST CORST YARDS		
RUN DATE 17FEB87 DATA DATE Ø1JAN83		
POSSIBLE DRYDOCKING AND/OR REPAIRS FOR 1987		
PROPRIETARY PRODUCT OF SYSTONETICS. INC.		
DEBCRIPTION YESSEL:GUBT:BID:NOTE	DRG EARLY DUR START	EARLY 1887 FINISH A N
EXXON NORTH SLDPE: EXXON USA: DRYDDCK, REPAIRS	1M Ø1APR87	30APRB74 X
MOBIL ARCTIC: MOBIL DIL: REPAIRS APPROL \$200,000	1M Ø1APR87	30APRB7 A X
ASPEN: TRINIDAD: REPAIRS AAROX 200,000	10 20APR87	29APRB7 A-X
SEALIFT PACIFIC: MTL: DRYDOCK. REPAIRS 600,000 9040	10 20APR87	1 ( ) 1 N.1 or ( ) 1
TEXACO GEDRGIA: TMS: DRYDOCK, REPAIRS 1, Sou, and guest	1M Ø1MAY87	3ØMAYB7 A
SANSINENA II (F): VCS: DRYDOCK. REPAIRS 1633000 (20W)	78NUL10 M1 (2	SØJUNB7
COAST RANGE (F): VCB: DRYDOCK, REPAIRS 1,171,000 (500)	1M Ø1JUL87	3ØJULB7
EXXUN LEXINGTON: EXXON UBA: DRYDOCK. REPAIRS 1,200,000	1M Ø1JUL87	30JULB7
SIERRA MADRE (F): VCS: DRYDOCK, REPAIRS 1,175000 (1540)	1M Ø1AUG87	BØAUGB7
ARGO ANCHDRAGE: ARGD: DRYDOCK, REPAIRS 1,500,000 90.55	1M Ø1AUG87	30AUGB7
GLACIER BRY: TRINIDAD: DRYDOCK, REPAIRS 70000 8000	1M 15AUG87	13SEPB7
BROOKS RANGE: IOM: DRYDOCK, REPAIRS 1,000,000 910004	1M 15AUG87	13SEPB7
CHEVRON VASHINGTON: CHEVRON USA: DRYDOCK. REPAIRS	09010 20AUG87	29AUGB7
CORNUCOPIA (F): WCS: DRYDOCK, REPAIRS 1,894 340 (2004)	1M Ø1SEP87	3ØSEPB7
ARCO ALASKA; ARCO; DRYDOCK. REPAIRS 1,500,000 00000	1M_Ø19EP87	SØSEPB7
EXXON GALVESTON: EXXON USA: DRYDOCK. REPAIRS 1,000,000 got	WIM 01SEP87	3ØSEPB7
ANTIGUA PASS: KEYSTONE: REPAIRS 309,000 80000	1M 159EP87	140CTB7
EXXON VASHINGTON: EXXON USA: DRYDOCK. REPAIRS 1, 200 and	MIDCT87	300CTB7
TEXACO FLORIDA: TMB: DRYDOCK, REPAIRS 1,500,000 guill		
TEXACO RHODE IBLAND: TMS: DRYDOCK, REPAIRS , 200,000 pm	√1M Ø10CT87	300CTB7
TEXACO RHODE IGLAND: TMS: DRYDOCK, REPAIRS CHEVRON MISSISSIPPI: CHEVRON USA: DRYDOCK, REPAIRS	15 200CT87	D3NOVB7
ARCO PRUDHO BAY: ARCO: DRYDOCK, REPAIRS 1,500,000 gures	1M Ø1NDV87	3ØNGVB7
ARCO INDEPENDENCE: ARCO: DRYDDCK. REPAIRS 1, 501,000 guy	✓ 1M Ø1NDV87	3ØNQVB7
TEXACO CALIFORNIA: TMS: DRYDOCK, REPAIRS , sociou guin		
		4
ROTTERSAM(F) HOLLAND AMARILAN: DRY DOCK REPAIRS	13 may 87	20 may 87
NOORDAM(F) " " DAYDOCK, REMINE	23 SEPT 87	30560187
		-
$oldsymbol{1}$	. 👃 🐪	
	.   1	1 1 1
· · · · · · · · · · · · · · · · · · ·	1 :	

Management Consultant

5285 S.W. Meadows Road, Suite 315 Lake Oswego, OR 97034 (503) 684-4531

June 9, 1987

TO: William H. Zavin, II

Re: Stock Purchase of Northwest Marine Iron Works

Due to my present level of involvement with Northwest Marine Iron Works (the "Company"), I am interested in acquiring the issued and outstanding shares of the Company's common stock. It would appear that my acquisition of the common stock would be well received by the Company's creditors, employees, and customers. These same entities and individuals are entitled to a commitment from me regarding my continuing relationship with the Company. Therefore, I am prepared to make the following offer to the Company's shareholders:

- l. I will purchase all of the issued and outstanding shares of the Company's voting common stock for the sum of \$2,500,000 which shall be paid in accordance with the terms and conditions of individual promissory notes to each shareholder, with interest at the rate of 5% per annum, payable on a quarterly basis. The \$2,500,000 is the aggregate purchase price for all shares. Individual shareholders will be paid pro rata according to their percentage interests in the Company. The principal amount of the promissory notes shall be due at the end of fourteen years consistent with the Company's plan of reorganization. This will permit payment to the Company's creditors prior to any significant return to the Company's shareholders.
- 2. The principal amount of the shareholder notes (\$2,500,000 in the aggregate) shall be increased by 20% of any recovery received by the Company in excess of \$4.5 million from pending claims filed by the Company in connection with the U.S.S. Duluth, the U.S.S. Cushing, and the U.S.C.G.C. Storis. The shareholders shall be entitled to a pro rata increase in the principal amount of their individual notes. For example, a shareholder with 24% of the Company's common stock would have the

Management Consultant

5285 S.W. Meadows Road, Suite 315 Lake Oswego, OR 97034 (503) 684-4531

June 9, 1987 Page Two

principal amount of his or her note increased by 24% of the 20% of any amounts received by the Company on these claims in excess of \$4.5 million.

- 3. In addition, the principal amount of the shareholder notes shall be increased by 20% of any recovery by the Company in excess of \$500,000 from the pending claim filed by the Company against Chevron Oil Company.
- 4. This agreement shall be secured by a pledge of the stock which will be held in escrow and returned to the shareholders in the event of a default. In the meantime, I will have the right to vote those shares, including all other ownership rights, unless there is a default with respect to any of the quarterly interest payments. The promissory notes will be non-recourse notes with the sole remedy of the shareholders limited to the return of the Company's common stock.
- 5. The employment relationship between the Company and Bill Zavin is expected to continue in accordance with the plan of reorganization.

I would appreciate your immediate attention to this offer in the form of a written response not later than June 15, 1987. In any event, unless the parties can reach an agreement in principle not later than June 30, 1987, the offer will be revoked on that date.

Very truly yours,

Ronald L. Walquist

ELLIOT STORY LINE and ELLIOT Best and Final

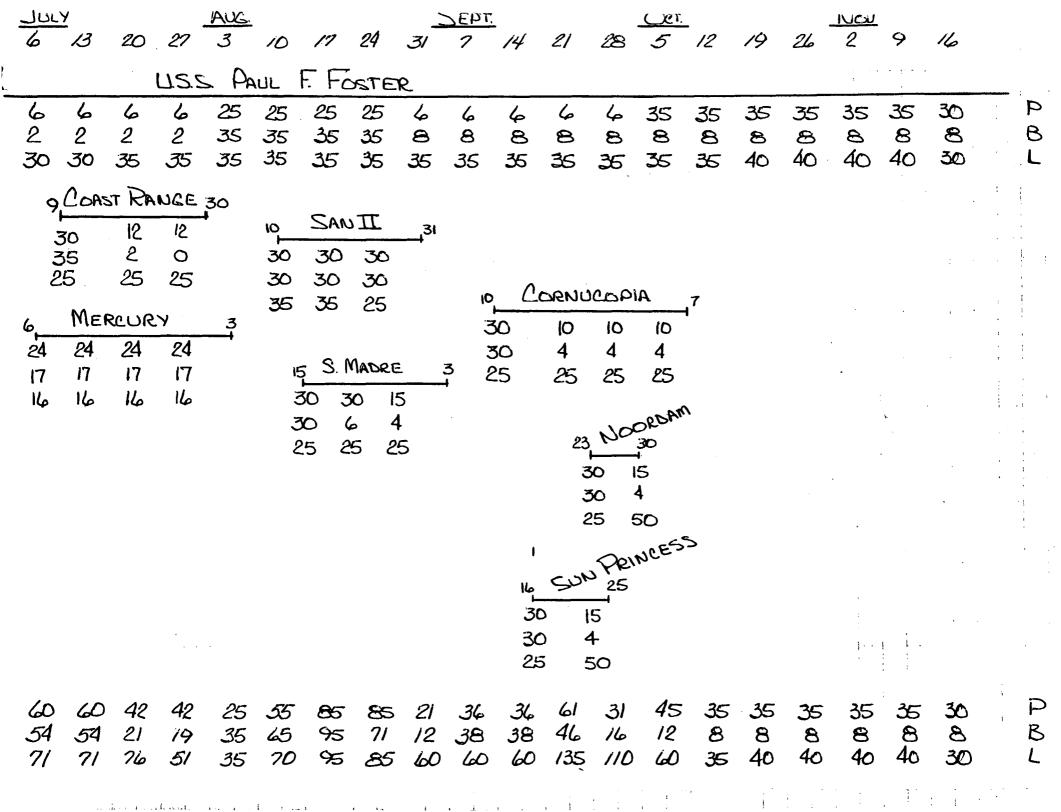
#### 1. Bid assumptions:

a. Expected to be able to work FOSTER and ELLIOT consecutively. We would be able to capitalize on the "learning curve" both in the planning phases and the production phase.

However, due to the ongoing problems caused by both GFM and GFI on FOSTEF we find that our planning and preparations including material takeoffs and ordering are being significantly impacted. These problems were not anticipated when we bid the ELLIOT and were not factored into our bid strategy. The effect of the ongoing problems in the workup for FOSTER would serious impact our ability and capacity to plan and prepare for the ELLIOT overhaul. We do not have enough resources inhouse and time to overcome the present problems of the FOSTER workup and the planning for the ELLIOT overhaul.

As a result, we would have to work the FOSTER and ELLIOT overhauls in conjuction rather than in a consecutive mode. As stated above, we do not have the resources or the time available to accomplish the combined planning and production efforts in conjunction. Our bid strategy did not account for or plan for this mode of operations.

- b. We expected to have adequate financing available to fund FOSTER and ELLIOT in the consecutive mode of operation. Our financing assumptions were based on this assumption, and took into account the anticipated learning curve that we would realize from planning for, and working the projects consecutively. However, the loss of the learning curve effect, and the efficiencies of consecutive operations would dramatically increase our requirements for funding and credit. Neither our funding agencies nor ourselves anticipated this. We have serious doubts concerning our abilities to obtain adequated credit to support both contracts in this mode of operation.
- c. When we bid the ELLIOT we made assumptions about our projected backlog. Since we bid the ELLIOT we have experienced a significant increase in our firm backlog. This backlog and its timing project-by-project will serious effect our ability to provide the required numbers of qualified craftsmen (especially in the critical trades- machinists, boilermakers, electricians (?)) to be able to accomplish the work load and the schedules without major impact. This is problem is seriously magnified by having to work the two contracts in conjunction rather than in a consecutive mode.
- 2. Action plan for the ELLIOT withdrawl:
  - a. Firm up our "story line"
  - b. Review our "story line" and our proposed strategy with Jim Beall on Monday. Have Jim brief the delegation.
  - c. Carefully review the written requirements for the Pre-award Survey
    The purpose is to determine what documention that is required could be
    prepared in such a way as to support our case.
- d. Brief the Bank so that we gain support without putting them on the hot
  - e. Based on our strategy place a call to Al Tart and/or (?) Bob Ketts.
  - f. Keep in mind and formulate as we go along our position on the obvious upcoming NAVSEA finding of "not responsible": for purposes of sending a rebuttal when we get the final report.
  - g. Develop our position for the press which will undoubtably become involved in the near future.



30\_May=1<del>9</del>87

#### ELLIOT STORY LINE and ELLIOT Best and Final

#### 1. Bid assumptions:

a. Expected to be able to work FOSTER and ELLIOT consecutively. We would be able to capitalize on the "learning curve" both in the planning phases and the production phase.

However, due to the ongoing problems caused by both GFM and GFI on FOSTER

we find that our planning and preparations including material takeoffs and ordering are being significantly impacted. These problems were not anticipated when we bid the ELLIOT and were not factored into our bid strategy. The effect of the ongoing problems in the workup for FOSTER would seriously impact our ability and capacity to plan and prepare for the ELLIOT overhaul. We do not have enough resources inhouse and time to overcome the present problems of the FOSTER workup and the planning for the ELLIOT overhaul.

As a result, we would have to work the FOSTER and ELLIOT overhauls in conjuction rather than in a consecutive mode. As stated above, we do not have the resources or the time available to accomplish the combined planning and production efforts in conjunction. Our bid strategy did not account for, or plan for this mode of operations.

- b. We expected to have adequate financing available to fund FOSTER and ELLIOT in the consecutive mode of operation. Our financing assumptions were based on working the ships consecutively, and took into account the anticipated learning curve that we would realize from planning for, and working the projects consecutively. However, the loss of the learning curve effect, and the inefficiencies of conjunctive operations would dramatically increase our requirements for funding and credit. Neither our funding agencies nor ourselves anticipated this. We have serious doubts concerning our abilities to obtain adequated credit to support both contracts in this mode of operation.
- c. When we bid the ELLIOT we made assumptions about our projected backlog. Since we bid the ELLIOT we have experienced a significant increase in our firm backlog. This backlog and its timing project-by-project will serious effect our ability to provide the required numbers of qualified craftsmen (especially in the critical trades— machinists, boilermakers, electricians) to be able to accomplish the work load with in the schedules without major impact. This is problem is seriously magnified by having to work the two contracts in conjunction rather than in a consecutive mode.

- 2. Action plan for the ELLIOT withdrawl:
  - a. Firm up our "story line"
  - b. Review our "story line" and our proposed strategy with Jim Beall on Monday. Have Jim brief the delegation.
  - c. Carefully review the written requirements for the Pre-award Survey

The purpose is to determine what documention that is required could be prepared in such a way as to support our case.

d. Brief the Bank so that we gain support without putting them on the hot

seat.

- e. Based on our strategy place a call to Al Tart and/or (?) Bob Ketts.
- f. Keep in mind and formulate as we go along our position on the obvious

upcoming NAVSEA finding of "not responsible" for purposes of sending a

rebuttal when we get the final report.

- g. Develop our position for the press which will undoubtably become involved in the near future.
  - h. Notification list:

Banks -FIOR and WS&I
SupShip- B. Morrison
Labor- Fahey
Press Release
Emplyees- Salaried Meeting
Employee Letter
Memo

1 June 1987

Jim Beall,

Jim, this is a "draft story line" for your review. Appreciate your help and good work! Jerry sends.

ADMINISTRATIVE MESSAGE

ROUTINE

R 091626Z JUL 87 ZYB

FM COMNAVSEASYSCOM WASHINGTON DC

TO SUPSHIP SEATTLE WA

USS FORT FISHER

INFO CINCPACELT PEARL HARBOR HI PERA NORFOLK VA SUPSHIP PORTSMOUTH VA COMNAVSURFPAC SAN DIEGO CA COMPHIBRON SEVEN SUPSHIP BOSTON MA

BT UNCLAS //N04710//

SUBJ: USS FORT FISHER (LSD-40) FY 86 ROH

A. COMNAVSURFPAC SAN DIEGO CA 292244Z MAY 87

1. REF A REPORTED 21-DAY EARLY AND BELOW PEC COMPLETION OF USS FORT FISHER FY-86 ROH AT PORTLAND, OREGON. A TOTAL OF 29 "K" ALTS AND 15 "D" ALTS, INCLUDING THE MAJOR LCAC INSTALLATION (S/A 316K), WERE ACCOMPLISHED IN THE SCHEDULED 8-MONTH AVAILABILITY.

2. USS FORT FISHER CREW WAS A KEY ELEMENT OF THE OVERHAUL PROCESS AND A MAJOR CONTRIBUTOR TO ITS SUCCESS. THE DEDICATION, PROFES-SIONALISM AND PRIDE OF WORKMANSHIP EXHIBITED BY SUPSHIP SEATTLE PERSONNEL ALSO CONTRIBUTED SIGNIFICANTLY TO THIS FINE ACCOMPLISHMENT.

3. WELL DONE.

4. VADM ROWDEN SENDS.

BT

DLVR:SUPSHIP SEATTLE WA(4) ... ACT

RTD:000-000/COPIES:0004

006947/3363/190 1 DF 1 M1 0451 190/21:28Z 091626Z JUL 87 CSN:RXNA0370 COMNAVSEASYSCOM WASHINGTON DC

0-19



# Scurreburr



#### NORTHWEST MARINE IRON WORKS

NEW EDITION NO. 1, JULY 20, 1987

## People: Comings and Goings

This summer marks the departure from our ranks of two long term and valued employees, Bill McCauley and George Tuckey. Bill served Northwest as Manager of Estimating and Engineering and Production Manager as well as Assistant General Manager. He is moving back to his home state of Florida where he will operate a large citrus production facility. Lynn Mills, Bill's former assistant, has been promoted and is now filling the role of Production Manager. Bob Gavin has also been promoted. He moves up from Senior Project Manager to Manager of Estimating and Engineering.

We all wish George Tuckey and Bill McCauley the very best in their future endeavors.

George, whose career at Northwest bridged more than two decades, has retired. However, he had barely left his retirement party and taken off the harness when he was called back to manage completion of the Polar Sea. Northwest has contracted to finish work on the Coast Guard icebreaker for Dillingham Ship Repair. Later this month George's operational responsibilities will be taken over by Jim Coleman.

Jim has advanced degrees in naval architecture and marine engineering from the Webb Institute. He comes to us from Lockheed Shipbuilding where he served as a program manager, most recently in Savannah, Georgia, and before that, in Portland. He has been a supervisor of shipbuilding in both Seattle and San Francisco and has experience dealing with most of the major shipyards on the West Coast.

Gil Miller, our new chief financial officer, has a long and solid history in corporate financial management. He was Director of Corporate Finance for Georgia Pacific before moving to Nicolai Manufacturing as chief financial officer. We expect his skills, insights and contacts to make a great contribution to the continued growth of Northwest Marine.

#### USS Paul F. Foster:

#### NW Marine Craftsmen Continue Foster's Evolution To Finest Sub Hunter In Pacific Service

The Destroyer USS Paul F. Foster arrived at Swan Island amidst the fanfare and official greetings customary for important naval events. But it means a lot more than fanfare for both the U.S. Navy and Northwest Marine.

When the Foster leaves nearly a year from now her Captain, Commander Robert Danberg, and the Navy expect Northwest Marine Iron Works' craftsmen to have continued her evolution into one of the finest anti-submarine destroyers in Pacific service. For us, it means an opportunity to do what we do best--make good ships better.

#### **New Weapons**

Much of the estimated 700,000 hours slated for the Foster is for weapons upgrading.

Included in the new weaponry will be a pair of phalanx guns that are part of a system called CIWS (an acronym for close-in weapons system) designed to defend the ship against incoming missiles. She will also have some new offensive tools—a vertical launch system that will enable the Foster to send 61 missiles aloft.

Improvements will also be made to her submarine tracking equipment and other electronic surveillance technology, and the ship's propulsion system will be overhauled.

During her stay the Foster will have played an important part not only in the successful recovery of Northwest Marine Iron Works, but will have added some optimism to the generally troubled local shipbuilding industry outlook.

#### **Employment Outlook**

To Northwest Marine employees, the \$28.5 million contract will mean an average employment of some 450 a day for the next year on the Foster alone.

But equally important, other work generated by Northwest's long term business planning and marketing will bring average daily employment at the yard to more than 1,000 for at least the next four months.

#### Commercial Work Adds Employment Growth, Market Balance

While the Spruance Class destroyer, USS Paul F. Foster, may be the story of the day it is not the only story. Between now and September the Northwest Marine yard will see a steady flow of commercial ships, most of them return business. Among them:

The USNS Mercury, a Military Sealist Command ship, due to arrive July 6 to undergo 28 days of topside repairs and boilerwork at a cost of \$1.4 million. The job is expected to employ an average of 230 workers each day of the ship's stay.

The Coast Range, a tanker operated by West Coast Shipping for Union Oil, arriving July 7 for 12 to 15 days of drydocking and voyage repairs at a cost of \$1 million. The work will provide 230 to 250 per day in employment at the yard.

The Sierra Madre, a West Coast Shipping tanker for Union Oil, due here August 3rd for some 20 days of voyage repairs and other work under an estimated \$1 million contract. Average employment 230–250.

The Sansinena II, West Coast Shipping for Union Oil, scheduled to arrive in mid-August for voyage repairs and boiler tube renewal under an estimated \$1.2 million contract. Average daily employment 230.

The Cornucopia, West Coast Shipping vessel operated for Union Chemical, scheduled to arrive September 10 for an estimated \$1.5 million in voyage repair and maintenance. Average employment 230.

### Newsletter Ideas: How About...?

Once again, we'd like to make regular publication of a newletter part of the style of Northwest Marine. And, if anybody has any ideas for regular features, we'd like to hear them.

An amateur sports column? Hunting and fishing? A classified section? Swap section? Let's hear it!

## HEADS UP! PICNIC COMING DOWN

The 5th annual company picnic is scheduled for Sunday, July 26, at Roslyn Lake near Sandy.

Everybody seemed to think it was a winner last year, so we're going back to the same place.

Bring your appetite and the kids. Time: 10 a.m. to 6 p.m. Food and soft drinks will be provided.

We need a head count, so\_everybody has enough to eat, so let the switch-board know your coming--285-7557

#### NW Marine Will Finish Icebreaker Polar Sea For Dillingham Yard

Northwest Marine Iron Works has taken over completion of repairs and overhaul to the Coast Guard icebreaker USCGC Polar Sea, a \$1.7 million job originally awarded Dillingham Ship Repair.

Northwest Marine will function as a subcontractor for Dillingham. However, Dillingham will retain its responsibilities in guaranteeing the work under its contract with the U.S. Coast Guard.

Work on the Polar Sea is about half complete. The work to be finished primarily involves overhaul of the icebreaker's three complicated variable speed propeller shafts. The shafts, with their internal mechanisms for adjusting thrust and power, weigh from 70 to 90 tons each.

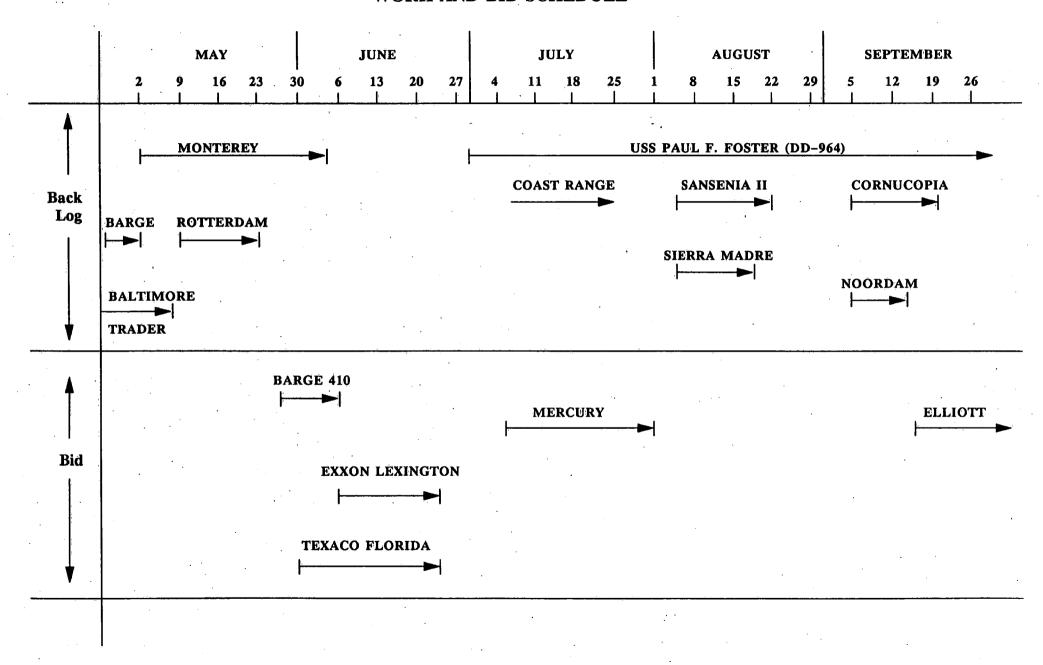
Northwest Marine did similar shaft work on the Polar Sea's sister ship, the Polar Star.

Another major portion of the job, installation of a new fire fighting system, has already been completed by Dillingham.

Northwest Marine spokesmen said they expect to finish the Polar Sea by the end of July.

NORTHWEST MARINE IRON WORKS 5555 N. Channel Portland, Oregon 97217

# NORTHWEST MARINE IRON WORKS WORK AND BID SCHEDULE





Box 3529 Portland, Oregon 97208 503/231-5000 TWX: 910-464-5105

September 21, 1987

Mr. Loy Kahler Cascade General, Inc. P.O. Box 129 Vancouver, WA 98666

Mr. Bill Zavin Northwest Marine Iron Works 5555 N. Channel Avenue Portland, OR 97217

Mr. Doug Watson West State Inc. 5555 N. Channel Avenue Portland, OR 97217

PORTLAND SHIP REPAIR YARD (PSRY) TARIFF NO. 37-B DISCOUNT FOR M/V SAGAFIORD

The Portland Ship Repair Yard (PSRY) is pleased to offer the following tariff discount proposal for the M/V SAGAFIORD bidding September 21, 1987, in order to attract this work:

- Tariff No. 37-B is the applicable Tariff.
- o The full PSRY tariff charges will apply. The Use and Rehabilitation Fee will be reduced from 5.7 percent to 1.4 percent on the original scope of work.
- o The Use Fee for any new, additional or emergent work beyond the original bid scope of work will be subject to a 10 percent Use Fee.



Port of Portland offices located in Portland, Oregon, U.S.A., Boise, Idaho, Chicago, Illinois, New York, N.Y., Washington, D.C., Hong Kong, Manila, Seoul, Singapore, Sydney, Taipei, Tokyo, Henley-on-Thames, England

M/V SAGAFIORD Discount September 21, 1987 Page 2

o All other terms and conditions of the Tariff and Use Fee Agreement remain unchanged.

If you have any questions, please call me at 231-5569.

David A. Cheramy, Marketing Manager

Portland Ship Repair Yard

cc: Jeff Twine

Ray Eggersgluss

Judy Greer



Box 3529 Portland, Oregon 97208 503/231-5000 TWX: 910-464-5105

September 21, 1987

Mr. Loy Kahler Cascade General, Inc. P.O. Box 129 Vancouver, WA 98666

Mr. Bill Zavin Northwest Marine Iron Works 5555 N. Channel Avenue Portland, OR 97217

Mr. Doug Watson West State Inc. 5555 N. Channel Avenue Portland, OR 97217

PORTLAND SHIP REPAIR YARD (PSRY) TARIFF NO. 37-B DISCOUNT FOR OVERSEAS BOSTON

The Portland Ship Repair Yard is pleased to offer the following Tariff No. 37-B discount for the work bidding on the OVERSEAS BOSTON on September 14, 1987, which includes drydocking and pierside repairs, in order to attract this project from Far East competition:

- o Tariff No. 37-B is the applicable Tariff.
- o The sum of the Tariff and Use Fee charges as fully calculated will be discounted in the lump sum amount of \$80,000 for the original bid scope of work. If there is a difference between the actual fully calculated Tariff and Use Fee charges and the amounts given in your discount application, there will be a dollar-for-dollar reduction in the discount amount. In no case will the discount reduce tariff charges and in no case will the discount exceed \$80,000.



Port of Portland offices located in Portland, Oregon, U.S.A., Boise, Idaho; Chicago, Illinois, New York, N.Y., Washington, D.C., Hong Kong, Manila, Seoul, Singapore, Sydney, Taipei, Tokyo, Henley-on-Thames, England

OVERSEAS BOSTON Discount September 21, 1987 Page 2

- o The OVERSEAS BOSTON will be permitted to remain on drydock for the completion of tank coating work at the tariff repair berth rates provided there is no conflicting drydock opportunity, and all work on the OVERSEAS BOSTON requiring drydocking is completed. To qualify for this further discount, the ship must be kept in a state of readiness to depart the drydock within 48 hours. Failure to vacate the drydock on 48 hours notice from PSRY management will be cause for full drydock tariff charges to be assessed from the time that notification was given.
- o All other provisions of the Tariff and Use Agreement remain unchanged.

If you have any questions on this discount, please call me at 231-5526.

David A. Cheramy, Marketing Manager

Portland Ship Repair Yard

cc: Ray Eggersgluss

Jeff Twine Judy Greer

#### **PROPOSAL**

- We will sign earnest money for \$2,012,000 appraisal price for land, subject to getting:
  - Adequate lease terms from NWM, including:
    - Lease \$
    - Ability to transfer & approval of court and banks to do so
    - Liability insurance coverage satisfactory
    - Triple net status
    - Pollution clause satisfactory
  - Clean title and title insurance
  - Pollution review & study (permits etc.)
  - Port waiver of repurchase rights
  - Ability to transfer lease to Port or State

#### Need to get copies of:

- Lease
- Mortgage
- Title policy
- Pollution permits & correspondence Port repurchase agreement

#### Stockholders

As of Jan. 7, 1981

	Shares_	_%2001000
George Grebe Estate	36,507	26.7 52.700
U.S. National Bank Trust	27,292	19.5 39,000
Gail Zavin	4,346-2/3	3.1 6200
Bill Zavin	22,922-2/3	16.4 31800
Leah Brackhahn	9,033-2/3	6.4 ,2800
Jean Peterson	4,346-2/3	3.1 6260
Jean Peterson-Trustee	12,689	9.1 18200
George Peterson	10,233-2/3	7.3 14600
Margaret Davies	10,233-2/3	7.3 14600
Ray Sullivan	1,246	.9 1600
Don Robeck	1,142	.8 1600
	139,993	100.0% 200,000

This is how it would roop ood IP 100k if there is 4200,000 IP 100k if ther

#### ACENDA

- I. Capital Asset Expenditures
- II. Recap of Third Quarter Activity
- a Billings and Costs
- b. Closed Jobs
- III. Revised Forecast thru May 31, 1981
- a Billings and Costs
  - b. Closed Jobs
- IV. Other Topics
- a. Bidding Activity
  - b. Monticello Claim
- c. Material Issue Mark-up

Billis Crit

d. Etc.

#### MARINE DIVISION

#### CAPITAL ASSET ADDITIONS

000's

FISCAL	ACTUAL	•
1981	THRU	
FORECAST	<u>2/28/81</u>	VARIANCE
\$ 649	\$ 434	\$ 215 (1)

(1) Two primary reasons:

Sandblast building - Forecast of \$500 and actual of \$35 APB septic system - Forecast of \$0 and actual of \$122

# MARINE DÍVISION COMPARISON OF BILLINGS TO COSTS THIRD QUARTER OF FISCAL 1981 000's

	ACTUAL	FORECAST	VARIANCE
BILLINGS	\$11,978	\$15,171	(\$3,193)
JOB COSTS			
LABOR	3,919	4,340	421
PAYROLL TAXES	1,641	1,953	312
PURCHASES	4,065	4,698	633
STORES	310	470	160
OVERHEAD	1,610	_1,910	300
TOTAL	11,545	13,371	1,826
EXCESS BILLINGS OVER JOB COSTS	433	1,800	(1,367)
SALES EXPENSE	91	60	( 31)
DIVISION EXCESS	\$ 342	\$ 1,740	(\$1,398)

# MARINE DIVISION BILLINGS AND COSTS BY JOB THIRD QUARTER OF FISCAL 1981

000's

	<u>JOB</u>	BILLING	COST	BILLINGS OVER COSTS
1265	MONTICELLO	\$ 439	\$ 196	\$243
1500	STEIN	6,260	6,795	(535)
1506	EXXON HOUSTON	506	413	93
1580	MOBIL MERIDIAN	295	15	280
1598	BROOKS RANGE	710	400	310
1616	EXXON GALVESTON	1,611	636	975
1617	MOBILOIL	350	368	( 18)
1628	CHESTNUT HILL	330	82	248
1629	KITTANNING	330	118	212
1701	Dredge BIDDLE		368	(368)
1704	EXXON NEW ORLEANS		542	(542)
1709	EXXON BENICIA		422	(422)
1710	CHEVRON OREGON		297	(297)
OTHER	S	1,147	893	254
	TOTAL	\$11,978	\$11,545	\$433

#### MARINE DIVISION

#### CLOSED JOBS

#### THIRD QUARTER OF FISCAL 1981

000's

:		SALES	COST OF SALES	GROSS PROFIT
1580	MOBIL MERIDIAN	\$3,897	\$3,359	\$538
1598	BROOKS RANGE	1,210	1,225	(15)
1618	EL CENTROAMERICANA	140	124	16
1623	MOBIL ARCTIC	482	418	64
1627	ELISA	154	148	6
1650	SKINKO MARU	193	157	36
OTHER	S	473	365	108
	TOTAL	\$6,549	\$5,796	\$753

MARINE DIVISION

#### REVISED FISCAL 1981 FORECAST

#### BILLINGS AND COSTS

000's

	ACTUAL THRU 2/28/81	FOURTH QUARTER FORECAST	REVISED FISCAL 1981 FORECAST	,
BILLINGS	\$38,709	\$23,559①	\$62,268	60, 4
JOB COSTS	37,440	18,801	56,241	:
EXCESS BILLINGS OVER JOB COSTS	1,269	4,758	6,027	
SALĖS ĒXPENSĖ	203	60	263	
DIVISION EXCESS	\$ 1,066	\$ 4,698	\$ 5,764	7,1

<sup>1</sup> Includes \$1,000 CHEPACHET settlement.

Potential MONTICELLO claim settlement is not included. Nov - 4 Miccion

# MARINE DIVISION REVISED FISCAL 1981 FORECAST CLOSED JOBS

000 s

	ACTUAL THRU 2/28/81	FOURTH QUARTER FORECAST	REVISED FISCAL 1981 FORECAST
SALES	\$36,100	\$22,522 ①	\$58,622
COST OF SALES	32,220	21,826②	54,046
GROSS PROFIT	3,880	696	4,576
SALES EXPENSE	203	60	263
DIVISION INCOME	\$ 3,677	\$ 636	\$ 4,313

<sup>1</sup> Includes \$1,000 CHEPACHET settlement.
Potential MONTICELLO claim settlement is not included.

<sup>2</sup> Cost of Sales per Work in Progress system adjusted for MONTICELLO loss already accrued (\$5,306), overstated stores costs (\$180) and overstated Workers Comp (\$500).



Box 3529 Portland, Oregon 97208 503/231-5000 TWX: 910-464-5105

August 16, 1988

Mr. Doug Stitzel, Manager Business Development Newport News Shipbuilding and Dry Dock Co. 3110 Camino Del Rio South, Suite 350 San Diego, CA 92108

PORTLAND SHIP REPAIR YARD (PSRY)

As promised during our telephone conversation yesterday, the following information is presented to give you a better understanding of the capabilities available at PSRY.

We are the center of commercial ship repair activity on the West Coast of North America. And, we give the competitor players in the government ship repair market plenty of heartburn as well. Just ask some of them in your area.

The programs to support aircraft carrier maintenance are of very real interest to the three prime ship repair contractors at PSRY. They look forward (as we do) to your visit for detailed discussions.

A first hand look will give you the reasons for our success. Your visit will also give us the chance to discuss some further upcoming opportunities that we have in mind. Thank you for sharing your time.

David A. Cheramy, Marketing Manager Portland Ship Repair Yard



Port of Portland offices located in Portland, Oregon, U.S.A., Boise, Idaho, Chicago, Illinois, New York, N.Y., Washington, D.C., Hong Kong, Manila, Seoul, Singapore, Sydney, Taipei, Tokyo, Henley-on-Thames, England.

#### DISCUSSION OF OPERATING RESULTS (CONTINUED)

THREE MONTHS ENDED AUGUST 31, 1988 YEAR ENDED MAY 31, 1988

Contract revenues of \$77.4 million in 1988 produced gross profits of \$8.2 million (10.7%) and operating income of \$3.7 million (4.8%). After deducting interest of \$3.0 million, continuing operations produced net income of \$738,000. Net income was \$1.0 million, including \$294,000 income from discontinued operations.

Northwest realized 47% of its 1988 revenues from work on the U.S. Navy destroyer, USS Paul F. Foster. Work on vessels operated by the Military Sealist Command accounted for 23% of revenues. Major MSC projects included the post shakedown availability of the hospital ship, USNS Mercy, the annual maintenance work on USNS Observation Island and a number of other periodic maintenance contracts.

Work on cruise vessels in 1988 for Holland America and Cunard accounted for 8% of revenues. The company also completed eight drydockings of vessels operated for major oil companies including Unocal, Exxon and Texaco. Several vessel overhauls for American President Lines and increased emergency waterfront repair work rounded out the company's commercial workload.

Continuing operations produced cash flow of \$1.5 million. However, the dramatic increase of contract revenues from the prior year level of \$30.9 million required an increase in current assets employed in the business. This increase amounted to \$4.9 million, of which \$1.9 million was provided by increased trade credit. The remaining working capital requirements were provided by operating cash flow and an increase in short-term bank borrowings.

The company received strong support from trade vendors, the Port of Portland and SAIF Corporation in 1988. SAIF Corporation and substantially all of the company's suppliers offered normal credit terms for ongoing business. In addition, creditors agreed to accept installment payments of certain amounts due on February 1, 1988. This agreement enabled the company to finance a higher level of work than would otherwise have been possible.

Discontinued operations yielded net cash flow of \$2.1 million for the year as the company reduced Net Assets Held For Sale from \$3.9 million to \$1.8 million. Certain real property formerly occupied by its Atlas Iron Works subsidiary was sold and the preferred stock received in connection with the 1985 sale of Electrical Construction Company was redeemed for cash. The \$3.1 million in proceeds from the transactions was the major factor in a reduction of the bank loan due June 1, 1989 from \$11.5 million to \$7.9 million.

The year's debt service included interest payments of \$3.2 million and principal payments of \$4.3 million. As of May 31, NMIW had borrowed \$3.9 million of a total credit line of \$4.5 million. Average borrowings under the line of credit amounted to \$3.4 million in 1988.





#### **MEMORANDUM**

Nov	ember	14,	1988

TO:

L. Mills

G. Riddle

N. Calley

R. Mitchell G. Lind

Don Sheridan

T. Saunders

D. Nugent

T. Kingrey H. Scroggin

I. Chandler R. Huget

G. Erb

J. O'Rourke

J. Jozwick

G. Newell

L. McGilvery J. Sandstrom

F. Chiossi

L. Germann

All Craft Superintendents

FROM:

J. J. Coleman

SUBJECT:

Weekly Ship Status Meeting

Location:

Aft Conference Room

Time:

0800 Tuesday, November 15, 1988

#### AGENDA

ANDREW J. HIGGINS

Avondale

Miscellaneous

Mitchell

Jozwick

OKINAWA

Review charts

Nugent

С. Old Business

Tug CLEARWATER

MERCY Drawings

KAWISHIWI BENICIA

**GOLDEN GATE** 

Mitchell

D. Stevens

Jozwick

Chandler

Chandler

Riddle

Riddle

D. **New Business** 

ARCO

Keystone

Calley

Saunders/Dunk

Coleman

Ε. Cruise Business

F., DÔCK EXPRESS Reflag

G. Project "BASICS"

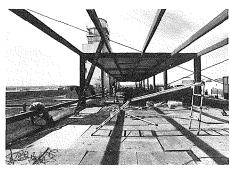
# MARIANTERIAL



# Montside

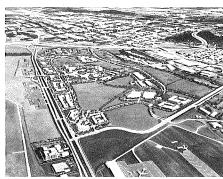


Marine Cargo News—Pages 1-3
Hyundai Taps Portland For
Top U.S. Auto Import Center



Aviation News—Pages 4-5
Update on Delta Air Lines'
Concourse K Expansion

Ship Repair News—Pages 8-9
ARCO Alaska Picks Portland
As Module Fabrication Site



Real Estate News—Pages 10-11
Portland International Center
To Be Underway Early in '89

The Port of Portland is a public come tion in the business of transportali and development. It does this thick its diverse business enterprises wit include marine terminals, ship real industrial lands, aviation and gredule

The Port of Portland's primary of porate purpose is to serve the needs its customers and to build a strong est omy for the Portland metropolitan at and the state of Oregon. This missi has guided the Port from its beginning in 1891 to its diversified operation today.

Port policies are directed by nine P commissioners who are appointed the governor of Oregon for tourwiterms of office. Port Commissipolicies are implemented by an excitive director, assisted by the staff of Portland.

A Quarterly Publication

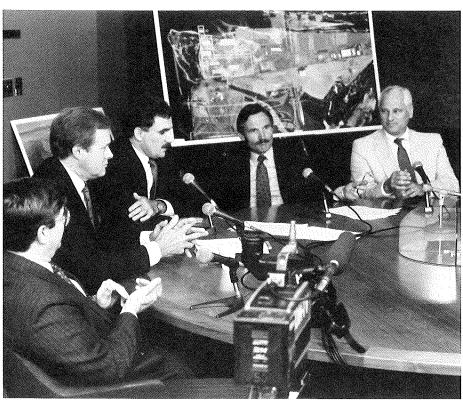
Port of Portland Commission
Robert R. Ames, President
Mildred A. Schwab, Vice President
Louis Scherzer, Secretary
Nancy A. Wilgenbusch, Treasurer
Peter J. Brix, Commissioner
William M. Fast, Commissioner
Arthur A. Riedel, Commissioner
Oran B. Robertson, Commissioner
George M. Miller, Commissioner

Excessive Piredo Paber I - Wantell

Depthy Executive Director
Bill Surget

Editor Richard Montgomery Port of Portland, 700 N.E. Multnom P.O. Box 3529, Portland, Oregon 972 (1881) 1881

# Hyundai Taps Portland For Top U.S. Auto Import Center



Taking part in Hyundai Motor America's announcement of Portland's selection are: (from left) Tony Meeker, State Treasurer; Julian Morgan, Hyundai Motor America; Bob Woodell, Port Executive Director; Bob Ames, Port Commission President; and Oregon Governor Neil Goldschmidt.

The Port and Hyundai Motor America have signed a letter of intent for the development and long-term lease of a new auto import facility to serve as the primary United States port of entry for Hyundai automobiles.

Hyundai's selection of Portland culminates an evaluation process of Pacific Northwest ports that lasted more than a year. The decision to use the Port further heightens the stature of the entire Portlandarea automobile import industry as one of the foremost auto import centers in the United States.

Portland was selected because of its excellent rail and highway connections, 30

years of experience successfully handling auto imports, marine and processing facilities, available land for development, and the support of the business community and government.

"We have a reputation as an auto specialist," said Port Commission President Bob Ames. "Landing this important account will greatly enhance that specialty. It will also mean more jobs for the local economy."

The \$12.3 million, 75-acre facility will include a dock, terminal and processing plant.

Hyundai has projected that by 1992 it will be shipping 250,000 autos through

the Port each year—a large jump from the 75,000 estimated for this year.

The facility will have a significant impact on Portland's economy, Ames said. Based on the anticipated 250,000 autos arriving annually beginning in 1992, Ames explained, the operation will generate \$50 million each year—about \$200 per car.

The new facility is expected to create about 60 direct jobs initially and 150 when volume reaches 250,000. The dock workers who will hold those jobs play a large part in the continuing growth of the Port's auto business, Ames said.

"The safe and efficient unloading of automobiles by the International Longshoremen's and Warehousemen's Union has made Portland a very attractive port for shippers," Ames said.

Senator Bob Packwood, who was instrumental in Hyundai's decision to use Portland, said he was "delighted that Hyundai and the Port of Portland have again joined forces to expand their operations. This decision will solidify Portland's reputation as a world-class port of entry. I am proud to have played a part in encouraging this venture.

"Hyundai recognizes all that Oregon offers. The Port of Portland and the entire automobile import industry in Portland should be congratulated for their vision and their determination in making this partnership grow," Packwood said.

In 1986 and 1987, the Port handled approximately 400,000 automobiles and the 1988 total should also be at that level. Portland is among the top six U.S. ports for auto imports and exports. In addition to Hyundai, the Port handles Honda, Toyota, Subaru, Volvo, Saab, and Peugeot.

## Hall-Buck Sets Dry Bulk Record in First Month

In its first month of operating the Port's Terminal 4 bulk facilities, Hall-Buck Marine of Burnside, Louisiana, helped the Port achieve a monthly record for dry bulk shipments. More than 88,000 tons of dry bulk commodities, such as soda ash, bentonite clay and talc, were shipped through the Port's facilities during July, surpassing the previous record of 78,587 tons established in July 1984.

Through July, the Port had handled 313,806 tons of dry bulks in 1988, a 78 percent increase over the 176,101 tons processed during the first seven months of 1987.

Hall-Buck constructed a \$4.3-million bulk export facility on property leased from the Port to replace the Port's outmoded 40-year-old loading equipment. Hall-Buck also renovated the Port's 30year-old bulk import equipment and is handling that operation as well.

Hall-Buck Marine has a contract with American Natural Soda Ash (ANSAC) for shipping a minimum of 500,000 tons annually through its Portland facility. Soda ash, which is used in glass making, is exported through Portland primarily to Japan, South Korea, Australia and Taiwan.



The T.S. PROSPERITY takes on soda ash for shipment to Japan from Hall-Buck Marine's new \$4.3 million bulk export facility at Terminal 4. The Hall-Buck facility began operations in July, and in its first month boosted the Port to a one-month record of 88,000 tons of mineral bulks.

# Jones Oregon To Manage Terminal 4

As part of the Port's accent on privatization, Jones Oregon Stevedoring soon will assume management of the Port's Terminal 4 general cargo facilities.

The Port and Jones Oregon, doing business as Oregon Terminal Company, recently reached agreement on a management contract. The agreement will take effect approximately January 1, pending approval by the Federal Maritime Commission.

The agreement is for two years with three, three-year renewal options. The agreement covers 61.2 acres at Terminal 4's Berths 408, 414 and 415. In 1985, the Port reached a similar agreement with Stevedoring Services of America regarding management of Terminal 2.

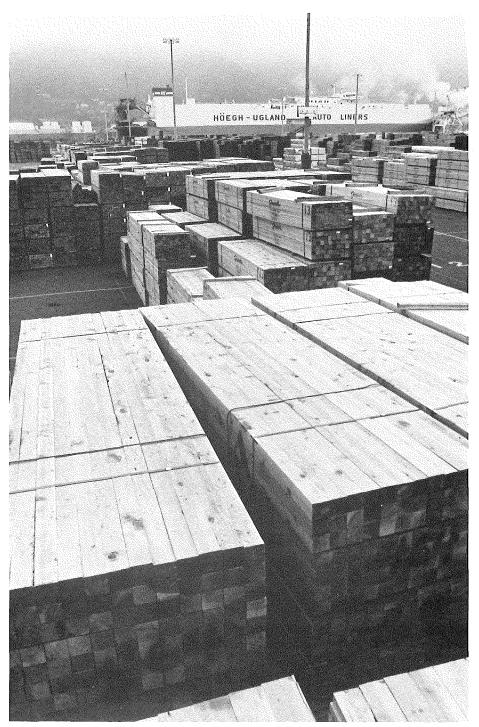
The Port now has all of its facilities, except for Terminal 6, either leased or managed by private companies.

The agreement provides the Port with minimum annual guarantees for wharfage

and dockage revenues, while significantly reducing the Port's operational costs for the terminal. Under the agreement, the Port will be responsible for routine maintenance, including the cranes.

"This agreement is important for the Port as it enables us to concentrate on the development of the container business at Terminal 6, while reducing costs and stabilizing income at Terminal 4," said Del Pearson, Port Marine Director.

# HUAL TRANSPORTER Loads Port's Largest Breakbulk Lumber Shipment



The HUAL TRANSPORTER awaits loading at Terminal 4 of a record shipment of 14.8-million board feet of breakbulk lumber for Japan. The previous record for a single shipment of forest products from the Port was 13-million board feet. The vessel is operated by Pacific Commerce Line.

Pacific Commerce Line's breakbulk lumber service to Japan established a record for the largest breakbulk lumber shipment ever from the Port when the HUAL TRANSPORTER loaded 14.8 million board feet of lumber in September. The previous record was approximately 13 million board feet which was set in 1984.

Through August of 1988, the Port has shipped 255,545 tons of breakbulk lumber, primarily to Japan and Australia, which represents a 266 percent increase over 1987's January through August shipments of 69,734 tons. The 1988 eightmonth total also exceeds the breakbulk lumber shipments for 1985, 1986 and 1987 combined.

Pacific Commerce Line (PCL) and other breakbulk lumber carriers have benefitted from market changes in the cost of shipping lumber in containers and the demand for lumber in Japan, Australia and other nations—factors which have made breakbulk shipments more attractive to shippers.

More than 20 exporters from throughout the Pacific Northwest participated in the recent HUAL TRANSPORTER shipment. Much of the lumber loaded on the Hoegh-Ugland Auto Liner (HUAL) would have previously sailed in containers out of the Puget Sound area, according to Bob Lipscomb, the Port's general manager for marine marketing. However, having PCL and other carriers available has kept the cargo for the Port of Portland to handle.

PCL began its monthly service to Japan from Portland in January 1988. The line operates a fleet of roll-on/roll-off vessels capable of carrying 12 million to 19.5 million board feet of lumber on a single voyage. The vessels also pick up autos in Japan for export to Europe and autos in Europe for export to the East Coast of the U.S.

# PDX Airtrans Center Lands Two Leases

The King Interests, one of the nation's leading air cargo facility developers, and United Parcel Service (UPS) have leased land in the Airtrans Center, a major air cargo and aircraft maintenance development at Portland International Airport (PDX).

The King Interests will lease five acres to construct a \$3 million, 60,000 square foot cargo facility that will be leased publicly to airfreight operators serving PDX. A six-acre ramp area being developed by the Port of Portland will also be included in the lease agreement.

The company, based in Houston, Texas, has a national presence in the air cargo industry, having developed over two million square feet of cargo facilities at Houston, New York (JFK), Dallas/Ft. Worth, Boston, Denver, Philadelphia and other major international airports. Their entrance into the Portland market is expected to increase the number of air freight com-

panies serving PDX, thereby expanding the region's rapidly growing air cargo capacity and presence.

UPS, an existing anchor tenant at the Airtrans Center, will add approximately two acres of land to their existing 1.5 acres to build a permanent 5,500 square foot, two-story office building this fall, replacing temporary office facilities. The addition will also include a light maintenance facility.

UPS's Northwest Regional hub is located at PDX and is the largest cargo carrier serving the airport. The company uses 727, 747, and this fall, 757 service. UPS now owns, operates and maintains their own aircraft.

"We have received a number of highly qualified inquiries from air cargo and aircraft maintenance developers from across the country. The Airtrans Center, representing a valuable and scarce airside land resource on the west coast, is rapidly becoming familiar to national and international companies," said Shelly Klapper, Manager of Planning and Properties Development.

"These most recent leases, combined with the Center's development potential over the next ten years, represents an increased share of cargo activity at PDX and its related contributions to area employment and economic development."

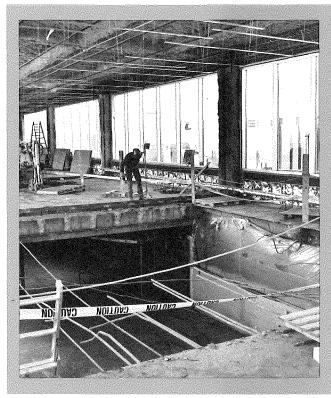
The 240-acre Airtrans Center was created to make room for double-digit cargo growth at PDX, including a 21% increase in 1987. The site is one of the last remaining airside, developable land parcels available at a major west coast airport for air cargo and aircraft maintenance.

Over 1.3 million cubic yards of fill were used to create the Center. Grading, drainage work, and infrastructure improvements are being undertaken this fall to prepare for building starts in 1989. The \$27 million project is being developed over a ten year period.

#### Concourse K Expands

Delta Air Lines' 100,000 square foot extension of Concourse K is well underway as pile driving, tunnel work necessary for utilities and baggage belts, and concrete pad work has been completed. Completion is scheduled for spring, 1989. In the meantime, Delta continues operating its 34 flights per day schedule without interruption, including new service to Seoul and Taipei.





RAISING THE ROOF-The old concession lobby roof at PDX saw a new light recently as workers shattered and hauled away the existing cement roof to make way for a new, "vaulted" ceiling feature that is part of the lobby's remodel. The raised roof features panels of windows that will allow natural light to flood the Oregon Market, the airport's new retail

# Commercial Roadway Masterplan Underway at Terminal

In an era of sustained growth at Portland International Airport (PDX), many operating areas of the airport are undergoing reviews to ensure a continued high level of customer service.

Recently, the Port of Portland contracted with Peat Marwick, Airport Consulting Services, to study improvements for the commercial roadway at Portland International Airport (PDX).

The commercial roadway is used by approximately 110 ground transportation providers that include buses, taxis, and limousines. A five-fold increase over the past five years and related traffic problems, passenger growth at PDX, and roadway ease-of-use issues prompted Port officials to undertake the master planning program.

"We feel that we have a good system in terms of equitable use of the roadway and in meeting customer needs," said Jay Buechler, Airports Manager.

"However, with the increase in passengers and its related demand, and with the

new Oregon Convention Center expected to increase commercial traffic, we felt we needed to take a look at commercial roadway use."

The consultant will focus on current commercial roadway operations; the area's relationship with adjacent departing and arriving roadways; and roadway operating and capital programs through the year 2005. The Port already has a ground transportation office and "starters" to assist passengers and regulate roadway activities.

Design issues will also be considered because the commercial roadway is often perceived as being remote and not easily accessible. Design of the short-term parking structure now under construction provides room for a number of design options that might be considered.

The project is expected to take eight months to complete and will include opportunity for involvement by both the public and transportation providers.

# Marketing Airports A "Real Departure"

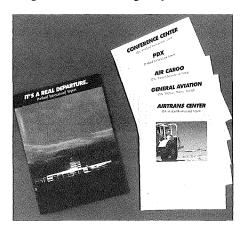
"It's a Real Departure" is the new marketing theme being used to call attention to some great opportunities for doing business at airports in the Port of Portland's system.

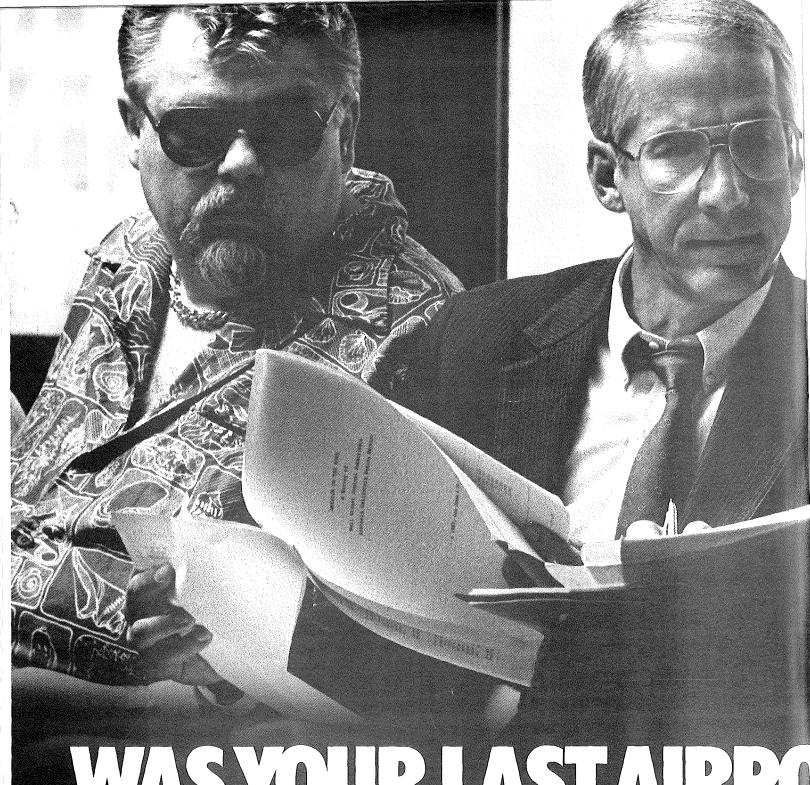
"To effectively compete in today's intense world market environment we need customer education and a sophisticated image to help us sell the uncrowded facilities, land availability and high level of customer service offered in Portland," said Keith Phildius, Aviation Market Planning Manager.

The theme will be used in marketing efforts with airlines with the goal of improving the levels of both passenger and cargo. It will also be used to promote the Port's facilities to general aviation customers and clients interested in airport properties.

To present the theme and features to these audiences, a four-color folder has been produced and informational inserts developed that include the Airtrans Center, General Aviation airports, PDX Conference Center, Portland International Airport (PDX), and air cargo services.

"We have a quality product to sell," added Phildius. "We expect continued attention will be given to PDX, the airport system, and its features as airline carriers, passengers, developers, travel agents, and other users recognize that Portland and Oregon offer something very different."





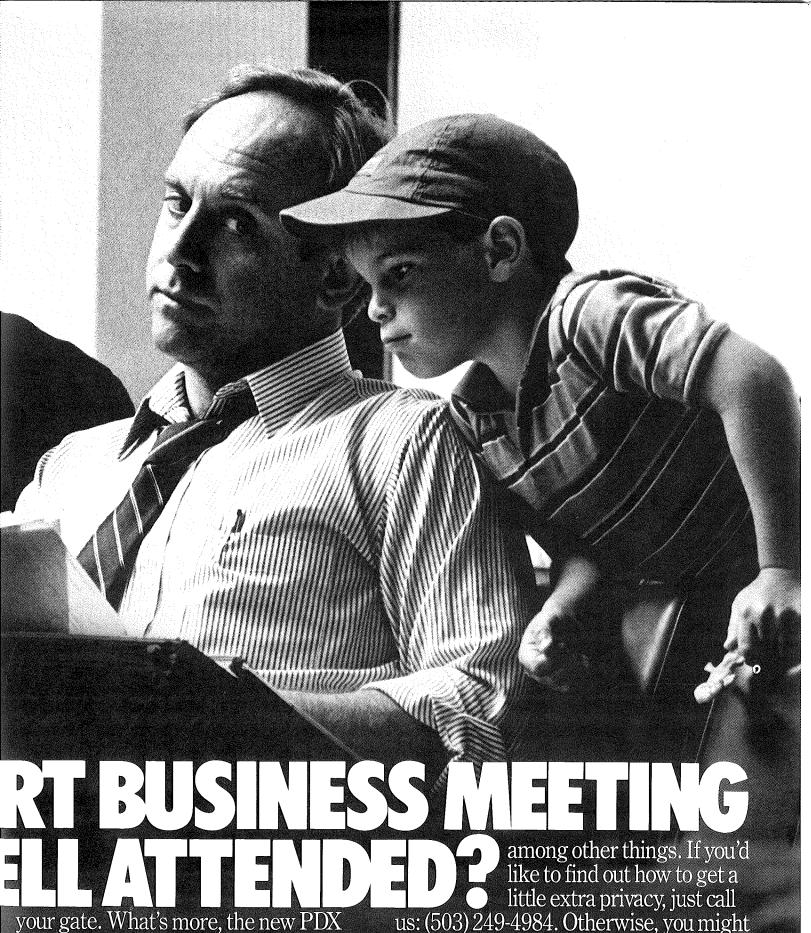
# MAS TOUR LASTARY . We're introducing an exciting new concept never before offered at

most major airports. It's called privacy.

Starting now, you can book an office or even an entire conference room at the Portland International Airport, and get away from your fellow travelers.

You'll then have access to telephones, computer work stations, a FAX machine, copiers, and some secretarial services.

In short, we offer all the comforts of the office, just a few minutes from



your gate. What's more, the new PDX Conference Center is full-size: we can handle meetings of up to fifty people. We can also supply you with dining facilities and audio-visual equipment,

us: (503) 249-4984. Otherwise, you might find the turnout for your next meeting at the airport is more than you can handle.

CONFERENCE CENTER

PDX/Portland International Airport

# EXXON LONG BEACH Makes It 300 On Dry Dock 4

Almost a dozen years ago the Port of Portland and its tri-county citizens gambled that an \$84 million shipyard expansion program—including giant Dry Dock 4—would keep Portland a competitive ship repair center into the next century.

With more than 300 dockings on Dry Dock 4, Portland's ship repair expansion can be declared a major success.

"There appears to be two reasons for our growth in an industry that is struggling," said Guy Alvis, Portland Ship Repair Yard General Manager. "First, Dry Dock 4 and the Portland Ship Repair Yard's second-to-none facilities appear to be the "better mousetrap" that is attracting more and more repair business to Portland.

"Credit should also be given to Portland's quality labor force and the aggressive ship repair contractors at the yard."

The 300th ship to go up on the blocks at Dry Dock 4 was the EXXON LONG BEACH on August 10. At nearly 1,000 feet long, it is the kind of ship that Dry Dock 4 was expressly designed to serve. It is being overhauled by West State, Inc.

Dry Dock 4 went into service in March 1979 with the Port prediction that it would create some 250 new jobs. The fact is the giant dry dock is responsible for creating 750 jobs each year and it is a major reason



EXXON LONG BEACH had the honor of being the 300th ship to be docked on the Port's massive Dry Dock 4.

employment at the shipyard has currently swelled to 3,000 workers.

It has been estimated that since Dry Dock 4 went to work it has earned about \$500 million.

While Dry Dock 4 was the largest and most dramatic of the facilities included in the \$84 million expansion, three other components of the project are also vitally important.

These components include the 3,000-foot-long pier and outfitting berth on the river side of the shipyard; the battery of heavy lift cranes that serve Dry Dock 4; and the ballast water treatment plant for handling the oily wastes off ships that come into the yard.

Dry Dock 4 was built by the Japanese ship building comany, I.H.I., and towed to the Columbia River and to Portland in late 1978.

# ARCO Picks Portland For 1989 Sealift Module Fabrication Site

The Portland Ship Repair Yard was recently selected as the site for a new \$12 million module fabrication project for ARCO Alaska.

The contract was awarded to Wright Schuchart Harbor Company of Seattle for construction of facilities for the Prudhoe Bay oil field in Alaska.

Five 1,500 ton modules, roughly the height of 11-story buildings, will be built. The project will employ from 350 to 400

workers and will utilize a 24-acre fabrication site at the Portland Ship Repair Yard. This is the same site where ARCO's slightly larger oil modules were fabricated for the 1986 Sealift to Prudhoe Bay and ARCO's Lisburne Oil Field.

Following the 1986 Sealift ARCO picked Portland to continue module work on its drillsite modules for the Kuparuk oil field. At that time, Portland was doing the only module fabrication project under-

way during 1987. ARCO sited two more small jobs in Portland prior to picking Portland last August as the site for its 1989 sealift project.

The modules fabricated for the 1989 Sealift will be loaded out of Portland using the shipyard's module lauching system which incorporates the Port of Portland's 1,000-foot Dry Dock 4. Ocean Barges are floated on to the submerged dry dock. The dock is then raised and the modules are hauled on to the barges.

# Northwest Marine Leads Shipyard To Record Year

Northwest Marine Iron Works, the oldest and largest ship repair contractor at the Portland Ship Repair Yard, has had what might be called a "grand slam" year.

The company's position is due to strong and balanced presence in various repair industry market segments including Navy, military sea lift, cruise ships and tanker projects. Also contributing to this is Northwest's reputation for "on time and in budget" performance.

In the last 12 months, Northwest has repaired a total of 197 vessels. As a result of this activity, Bill Zavin, president of Northwest, reports the company's seniority list—over 800 workers—has been kept at full employment for the whole year, with employment exceeding 1,000 people for one 16-week period. This is roughly one-third of the present record employment at the Portland Ship Repair Yard, according to Guy Alvis, Port shipyard manager.

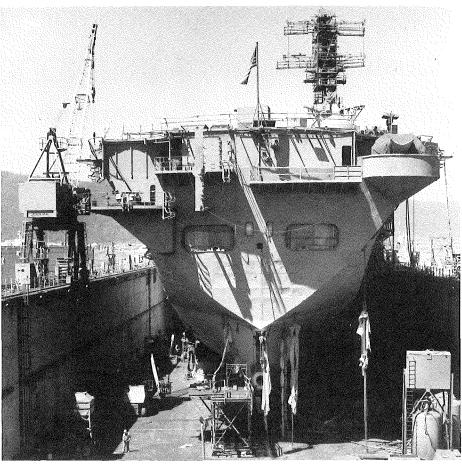
Zavin says he's pleased with a healthy order file and that his company remains highly competitive with high labor productivity and cooperation leading to this grand slam year.

One of Northwest's frequent customers—the U.S. Navy—has voiced its appreciation for the efforts of the company and its workers. Captain Philip Grasser, commander of the Navy's Shipbuilding, Conversion and Repair Division, said during welcoming ceremonies for the USS OKINAWA (Northwest's latest repair project) that Northwest Marine has earned a reputation as a tough and competitive contractor.

"Northwest is a most competent ship repair team," Grasser said, "where all overhauls in the last ten years have been on time. If you must be in overhaul, Portland is a great place to do it."

Following its recent completion of an extensive overhaul of the USS PAUL F. FOSTER, Vice Admiral Davis, Commander of Naval Surface Forces of the Pacific, had this to say about Northwest's workmamanship.

"By my personal observation, Northwest Marine Iron Works, has come the farthest of any West Coast private sector contractor in taking aboard my navy ship repair cost-saving initiatives while con-



Northwest Marine Iron Works is currently nearing completion of its overhaul of the USS OKINAWA, a helicopter carrier that saw service in the Persian Gulf.

tinuing to provide responsive quality work-manship."

In 1983 Northwest Marine made history in navy ship repair circles when it delivered the USS HENRY B. WILSON, a guided missile distroyer, a month early and within the \$47 million contract funded by the navy. She was the first ship in her class to be overhauled outside of a public shipyard on the West Coast.

The company performed equally well on overhauls of the USS CUSHING and USS DULUTH, both projects won in public/private competitions.

However, the navy's special praise was for the USS PAUL F. FOSTER, a complicated and labor intensive project that took her from a bare-bones Spruance class destroyer to a fully modernized and capable fighting platform ranking among the best in her class.

Admiral Davis noted completion of this project saying, "As the first such on-time redelivery of a Pacific Fleet Spruance class ship from the massive Vertical Launch System (VLS)/SQQ-89 SONAR system/LAMPS MK III ShipAlt package special recognition is in order."

In addition to the workmanship of Northwest, Admiral Davis joined other high ranking naval officers in commending Portland as a "super host city" and saying the work of the Welcome To The Navy and Coast Guard Committee is unmatched anywhere.

The committee was founded by U.S. Rep. Ron Wyden in 1985 and is said to have made Portland the friendliest navy town in America.

## Walsh & Sons Trucking Buys At Troutdale Industrial Park

The Port of Portland's 75-acre Troutdale Industrial Park continues as one of metropolitan Portland's real estate hot spots with the purchase of 4.8 acres by Walsh & Sons Trucking Ltd.

The Walsh transaction brings the number of land sales and leases in this industrial park to seven in the last year. Walsh & Sons offers specialized trucking services to the pulp and paper industry including hauling wood chips to pulp mills. They have been in business for 29 years.

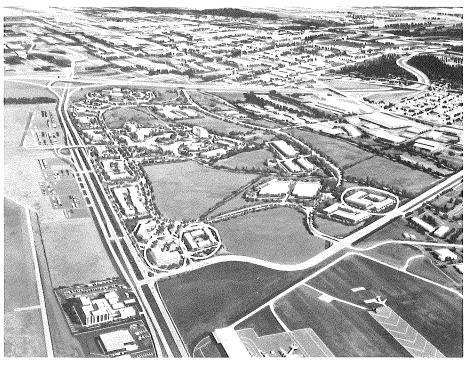
The company plans to build corporate, sales and dispatch offices and a maintenance facility at its new North Graham Road location. There will also be truck storage on the site.

Port land sales and leases at Troutdale Airport and Troutdale Industrial Park have been part of the brisk development activity underway on the east end of the Columbia Corridor, a 28-square-mile area in Multnomah County with 6,400 acres dedicated to industrial and commercial development.

Other new development in this area includes Burns Bros. and Flying J. which are enlarging major truck stops and highway improvements include the extension of 242nd Avenue and the widening of I-84.

Port Senior Real Estate Associate Peggy Krause reports that 31.2 acres remain available for lease or sale at Troutdale Industrial Park.

# Land Transaction Approved At Portland International Center



Circled areas adjacent to 82nd Avenue represent 150,000 square feet of flex and distribution space buildings that will get underway in January. The other circled area is at the corner of 82nd Avenue and Airport Way where there is serious interest in building a 200 to 250 room hotel.

The Port of Portland Commission has approved a real estate transaction that will give the Port eventual ownership of its Lloyd Building offices while at the same time launching Portland International Center, a 458-acre commercial development being billed as a new gateway to Oregon.

The Koll Company and Pacific Development, Inc., operating as Koll/Pacific Partnership, have been granted development rights to key portions of the Port's prime real estate south of Airport Way between 82nd Avenue and the I-205 freeway. In exchange, the Port will receive rent reductions and an eventual condominium interest in its Northeast Portland office space.

According to Koll/Pacific, initial phase development of the Portland International Center site could reach \$35 million in value, including new roads, a variety of commercial and Class A building types,

hotel development, and landscaping. The portion of Portland International Center land being developed by Koll/Pacific currently is valued at \$5,169,000.

As part of the master agreement for the land transaction, Koll/Pacific will take down property in the Portland International Center through execution of prepaid, long-term land leases. Leases will be for a base term of 55 years, with two 10-year options.

Development periods will occur in three phases spread over a four-year period with land values based on the type of development which occurs on the various parcels. Development types includes: distribution, business park space, office, and hotel.

During the first four years of the agreement, Koll/Pacific will be the only speculative developer in the center, although the Port will be able to market property to prospects.

## 7-Eleven Proves Swan Island A Good Market

It has been over a year since 7-Eleven Stores broke company precedent and located a store in an industrial park—in this case the Port of Portland's Swan Island Industrial Park.

The gamble is paying off in lunch-hour crowds of 500 to 700 and brisk business around the clock.

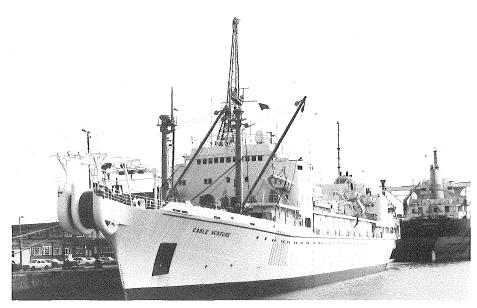
The Swan Island Industrial Park community is made up of some 10,000 workers employed by 100 firms. The variety of companies and workers is diverse. There are a number of trucking, freight and warehousing operations located on Swan Island, as well as the Portland Ship Repair Yard, the Coast Guard and U.S. Navy Reserve Center.

Workers at United Parcel Service and Freightliner Corp. join sailors, research scientists, and office and retail workers to form a sizeable base of customers that patronize the Swan Island 7-Eleven Store 24 hours a day.

The success of the 7-Eleven Store speaks well for Swan Island as a service and convenience store location which previously was an untapped market. The Swan Island store is one of a kind for 7-Eleven in that it was designed with both a drive through window and a sit-down deli. The planning was so on target that a second set of front doors had to be installed to accommodate the lunch-time crowds.

Gary Oxley, Development Manager for Southland Corporation, 7-Eleven Stores parent company says, "There's an entire city on Swan Island that's alive and well 24-hours a day, always rotating and changing." He says the Swan Island test has demonstrated 7-Eleven can do well in industrial parks particularly those operating 24-hours a day.

He noted that the sales volume of the Swan Island 7-Eleven Store is in the top 10 percent of the 174 stores in the Oregon and Idaho division and is in the top 10 percent of all stores within Portland.



Cable laying vessels like the CABLE VENTURE will be calling Portland to take on cable manufactured by STC Submarine System's new Rivergate Industrial District plant.

# STC Fast Track Looks For April Start Up

STC Submarine Systems, Inc., a subsidiary of STC PLC, London, England, plans to open its \$30 million manufacturing plant on a leased, 15.7-acre waterfront site at Rivergate Industrial District in mid-April of next year.

STC picked Portland for the home of its first fiber-optic underwater cable manufacturing facility outside the United Kingdom after a site search of the entire West Coast of the United States and Canada.

The responsiveness and cooperation shown by the local community, as well as the quality of Portland's work force, its geographic position, and long-term operational cost savings provided with a site in Rivergate, were influential in STC's selection of Portland.

The operation will manufacture fiberoptic underwater transmission cable for trans-Pacific, Asian and U.S. projects. Two hundred people will be employed.

Under construction is a two-level nearly 200,000 square foot manufacturing plant which also contains offices and tanks for storage and testing. The construction schedule calls for installation of process equipment beginning in November with product testing due to start in April of 1989.

Greg Young, of Industrial Design Corporation, reports all of the needed permits required are on schedule and that "this project has received enormous local cooperation and enthusiasm from all city and state and federal agencies."

The parent company, STC PLC, is a leading United Kingdom based communications and information systems group. Other business units of STC PLC include ICL, a leading United Kingdom information systems company. STC also has a close association with Northern Telecom, the world's largest manufacturer of fully digital telecommunications equipment. In 1987, the group had gross revenues of \$3.5 billion.

STC Submarine Systems Inc. and its predecessor companies have been engaged in the manufacture and installation of undersea telecommunications for over 120 years.

The company manufactured and installed the first successful underwater telegraph system in the mid-1800s, and since then has installed over 50 percent of the world's international underwater telecommunications systems in place today.

## Development Widespread in Greater Portland Metropolitan Area

A recent report issued by development organizations in Multnomah, Clackamas and Washington counties reveals that more than \$378 million in major capital investment was either announced, under construction or completed between January 1 and June 30, 1988. Collectively, these projects will create more than 4,600 jobs at full development.

Here are some of the major projects reported during this period.

#### PIONEER PLACE

A March groundbreaking marked the start of construction on Pioneer Place, the \$180 million Rouse-Portland commercial project in downtown Portland. The 3-3/4 block project includes a 17-story office building, a two-level Saks Fifth Avenue store, a four-level retail pavilion which will house 80-100 shops, and a four-level city parking structure. Approximately 2,000 permanent jobs will be created at full development. Completion is targeted for spring, 1990.

#### **NEC AMERICA**

Construction is underway on phase two of NEC America's manufacturing complex in Hillsboro. A \$25 million, 200,000 square foot building will house a research facility for designing new hardware products. The new building will allow NEC America to expand its workforce by 200 people; the company already employs 400 at its present facility. Products manufactured at the plant include cellular phones, data modems, facsimile machines and systems for fiberoptics and digital microwave transmission.

#### WHEAT MARKETING CENTER

Construction is expected to begin in September on a new \$8 million Wheat Marketing Center on Portland's waterfront. Designed to promote an industry that has played an important role in the Pacific Northwest economy for more than a century, the center would be the first of its kind in the U.S. The historic Albers Flour Mill on the banks of the Willamette River has been chosen as the site for the center.

Plans call for the renovation of the mill into office space for wheat trade organizations, grain marketers, shippers, and federal grain inspection personnel. A laboratory for research and development of new wheat products is also planned. Other features will include a demonstration and test kitchen, exhibit space and an auditorium where youth and the public will be educated about the industry.

### OREGON INSTITUTE FOR ADVANCED COMPUTING

The Oregon Institute for Advanced Computing, a new research institute dedicated to finding uses for parallel processing computers, will construct a facility at the Oregon Graduate Center in Washington County. Oregon Senator Mark Hatfield and Congressman Les AuCoin jointly announced a \$5 million appropriation in the U.S. Department of Defense 1988 budget for the Institute.

Oregon Governor Neil Goldschmidt has said he will seek another \$1.5 million from state lottery funds to add, and that he would put \$3.5 million for the project in the 1989-91 state budget proposal. Four companies in Washington County make parallel processing computers—Intel Corp., Floating Point Systems, NCUBE Corp. and Sequent Computer Systems.

#### STC SUBMARINE SYSTEMS

STC Submarine Systems, the world's leading supplier of underwater telecommunications systems, will build its first manufacturing plant outside the United Kingdom on a 15.7 acre leased site in the Port of Portland's Rivergate Industrial District. Two hundred people will be employed at the facility.

The Portland site was selected in competition with 22 other jurisdictions on the U.S. and Canadian West Coast. State-of-the-art fiber-optic transmission cable will be manufactured at the plant to serve the growing Pacific Rim market for this product. STC will invest nearly \$30 million in its Portland facilities. Ground was broken this summer on the site. It is expected the facility will be on line by summer, 1989.

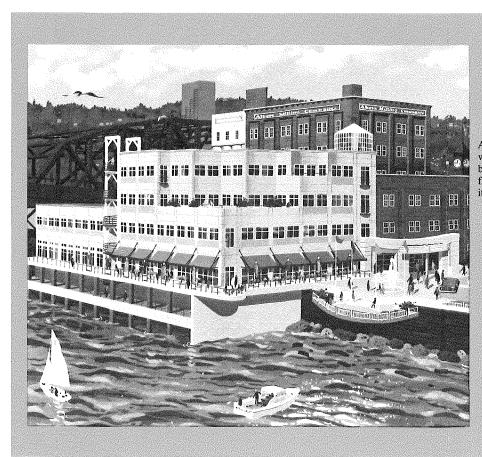
#### **OREGON CONVENTION CENTER**

Construction got underway in May on the \$85 million Oregon Convention Center in Portland. The facility will feature five adjoining exhibit halls with a total of 150,000 square feet; 28 meeting rooms with a total of 29,000 square feet; a 25,000 square foot ballroom for banquets, receptions and large scale events; a triangular entrance plaza which can be used for public or private functions; and nearby parking for 1,000 cars.

A light rail station will be located outside the plaza. A September 1990 opening is planned.

#### BiiN

BiiN, a new computer equipment manufacturing company, has chosen to locate a plant in Hillsboro. This is a joint venture of Intel Corp. of Santa Clara, California and Siemens, A.G. of West Germany. It is estimated that some 250 people will initially be employed at the facility; by 1997, that number could grow to 500. The company will make high speed computer systems for mission-critical computing applications worldwide.



Artist's concept of the \$8 million wheat marketing center which is being developed on Portland's waterfront. The center will be the first of its kind in the U.S.

# Port Notes Solid Financial Performance in 1987-88

The Port of Portland ended the 1987-88 fiscal year \$300,000 in the black, with operating income covering depreciation for the first time since 1982.

Operating revenues of \$87.8 million were posted—up \$4.5 million from last fiscal year, reflecting a record-setting year in the Port's marine, aviation, ship repair and real estate businesses.

Operating expenses totalled \$68.4 million, down \$1 million from 1986-87, giving the Port a respectable \$19.4 million in operating income. This was enough to cover depreciation expenses of \$19.1 million accrued on the Port's facilities.

"This is a significant achievement and an indication that the Port is progressing in the right direction," said Executive Director Bob Woodell. "After one month's results, we expect to see this positive trend continue for fiscal year 1988-89."

Added Woodell: "Although proud of our achievements, we need to be realistic for future expectations. With our present capital demands for growth, it will be a challenge for us to continue to cover the rising costs of depreciation expense."

The financial year reflected business success in all major departments. In Aviation, improved levels of regional, domestic and international airline service offered from Portland International Airport (PDX) helped push the total number of passengers for the fiscal year to 5.7 million—a new record. Over 99,000 tons of airfreight were handled which was another record.

The Portland Ship Repair Yard (PSRY) experienced the busiest year in its history. Over the last year, the Port has seen up to 3,000 workers employed at PSRY during peak periods, and there have been times with full utilization of ship berths and dry docks.

In Marine, the opening of the newly rehabilitated sections of Terminal 2 and the new intermodal yard at Terminal 6 brought increased business to Portland. Marine also saw new service initiated by Pacific Commerce Line and Pacific Australia Direct during the year. Cargo records were set for total tonnage, containers, total tonnage excluding grain, grain, and log exports.

Interest in the Port's industrial properties was at an all-time high during the last six months of the fiscal year. It is expected that these activities will culminate in closings totalling nearly \$10 million in fiscal year 1988-89.



Address Correction Requested

Bulk Rate U.S. Postage

PAID

Permit No. 11 Portland, Oregon

## PROJECT STATUS REPORT

FOR WEEK ENDING 18 NOV 88

PROJECT U	SS OKINAWA	JOB NO. 3333					
PROJECT MANAG	GER G. LIND						
SHIP SUPERINTE	NDENT B. KUNKEL						
	KEY DATES						
ÉVENT	SCHEDULED	ACTUAL					
Ship Arrival	10 JUNE 88	10 JONE 88					
Drydock	8 JULY 88	14 JULY 88					
Undock	15 oct 88	15 00 88					
Light Off	24 JAN 89						
Dock Trials	23 FEB 89						
Sea Trials	78 FEB 89						
Ship Departure	10 MAR 89						
CRITICAL PATH ITEMS/MAJOR TASKS  SPECIFICATION ITEM NO. DESCRIPTION							
	JORK - POSSIBLE GROWTH	COULD EFFECT HYDRO					
	A - ON SCHEDULE. E						
	1/A - COMM UPGRADE.						
AFFF C	10 - ON SCHEDULE.	11 11 11					
	C/O - ON SCHEDINE						
FLIGHT 12K	- NON-SKID - ON HOLD	DVE TO WEATHER					
CONTRACT PERFORMANCE PERIOD EXPENDED							
	58 % AS OF 8	70V 82					

COLTO.

J. COLEMAN L. MILLS
R. GAVIN JOB FILE
G. MILLER

PRICE PROPOSAL PLAND TO REPLACE BOILER FON LEGS.

FIRE SYSTEMS TEST MEMO AL SCREWED UP

#### BILL ZAVIN'S WASHINGTON D.C. TRIP

#### \* PYATT VISIT

- Project 100
- USN will visit NAVSEA to explain outlook on OKINAWA and how we see NAVSEA assisting in ensuring timely delivery by NMIW of OKINAWA.
- MSC provide copy of NMIW letter to COMMSCPAC on MERCY and KAWISHIWI.

#### \* NAVSEA 02 VISIT

- Provide cash flow projection with recommended solutions:
  - early release of retention;
  - b. reduction of current retention;
  - ensure SUPSHIP negotiates AFFF Max Mod as promised on December 9;
  - d. have \$2.6 million in REA's settled now.
  - & adv Progress Payment

#### \* NEW THREAT UPGRADE

- FIOR may not be interested in supporting funding for another USN ship.
- NTU is such a complex undertaking that Navy should consider only proven performance to undertake.
- Navy experiment with allocating 4 NTU availabilities on West Coast as CPAF basis to those four yards (NASSCO, SWM [SD], Todd Seattle, and NMIW.
- This type allocation has following advantages:
  - a. Navy yards retain Hulsey (LB) and (Pearl);
  - b. evaluate schedule, quality performance;
  - reduce risk of schedule extensions caused by numerous C/O's anticipated;
  - d. no claims;
  - e. use experiment to evaluate reasonableness of cost proposals to PEC for follow-on contracts for complex vessels.





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

**20 NOVEMBER 1990** 

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO.

3016-91683

CONTRACT NO.

INVOICE NO.

1499-01

**TERMS** 

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Through 18 November 1990

Line 1, Item 100-005 - Ducktail/Sponson

	<u>Hours</u>	<u>Rate</u>	<u>Extension</u>
Straight Time	1,656.00	\$37.00	\$61,272.00
Overtime	274.50	\$43.50	\$11,940.75
Double Time	0.50	\$50.50	\$25.25
Total Labor			\$73,238.00

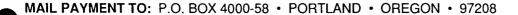
Invoice Total:

\$73,238.00

Douglas M. Temple

JOB LABOR STATUS 3 01/01/90 End

	•		Starting Dat	e: 01/01/9	70 End	ing Date	: 11/18/	90				
			KED/ BUDGETE				EARNED	REG	О. Т.	D. T.		<del> </del>
			1E HOURS				HOURS	HOURS	HOURS	HOURS	DP17	
	M/V VIKING BE		TASKS: ALC:	CRAFT DETA	ILLETASK	CRAFT	9: ALL	MODS/SUBS	DETAIL: N		pitel yVa i	
TASK 0001	SERVICES	Craft 5	100. 00 100. 00		10.0% 2.0%	0%	0. 00	10. 00 2. 00	0. 00 0. 00	0. 00 - <u>.</u> 0. 00	0. 00 0. 00	
		Craft 17			0.02			8.00				3.44
TASK 0002	SET UP B	the state of the s	250: 00		149.0%	0%	0. 00	370. 00	0. 50	0.00	0. 00	
		Craft 1 Craft 2	0. 00 250. 00		0. 0% 10. 0%		•	15. 00 27. 00	0. 00 0. 00	0. 00 0. 00	0. 00 0. 00	
200		Craft 4	0. 00	8.00	0. 0%	Action 1	•	8. 00	0. 00	0.00	0.00	
		Craft 5 Craft 9	0.00 0.00		0, 0% 0, 0%		•	201. 50 8. 00	0. 50 0. 00	0. 00 0. 00	0. 00 0. 00	:
		Craft 12	02.00	110.50	0,0%		<u> </u>	110. 50	0.00	0.00	0. 00	<u> 4.</u>
F000 X2A	JIGGS &	FIXTURES	500. 00		226. 0%	0%	0.00	1000. 50	63. 50	0. 50 0. 00	0. 00 0. 00	
		Craft 1 Craft 4		21050				10.00 21.50	0. 00 0, 00	0.00	0.00	1.734
	4 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Craft 12	500100 0.00	1013.00 20.00	215 9X 0. 0X			949. 00 20. 00	63. <b>5</b> 0 % 0. 00	0. 50 0. 00	0. 00 0. 00	
TASK 0005	SPONSON	& DUCKTAIL	7326. 00	<u> </u>	7. 0%	0%	0. 00	275. 50	210. 50	0, 00	0. 00	
		Craft 5	7326.00	481,00	7,0%	•	····	··· .270. 50.	210, 50	0. QO	0.00	
		∞ Craft ∞12			0.0%		•••	5. 00	0. 00	0.00	0.00	•
rask unknown	I UNKNOWN	- VIKING SE	RENAD 0.00	0.00	0. 0%	0%	0. 00	0. 00	0. 00	0. 00	0.00	
						••			-			
						***.					1 1	<del></del>
1941 (1941) 전략												
							:					
							•			Maragement may also assessed to the first open		<del></del>
			rie de la companya de la companya de la companya de la companya de la companya de la companya de la companya d				ing in sign of the second of the contaction of these	Augusta da araba da araba da araba da araba da araba da araba da araba da araba da araba da araba da araba da a Araba da araba			1	
						•						
						•						
				25 (1997)	785 <u>3</u> 755		,			Section of the sectio		<del>-</del>
							• •		1			
					<u></u>	<del>in allili alam</del> a, in a sama, a, , , , a d	Annes Carre Contactor				•	
		•			T		-	***************************************	e erinning – y a navna mankeniër a – pransissioneë stêr e.			
							•					
							•	•				
										C488188 ###85	X3048. 4573	1 22 35





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE
OUR JOB NO.
CUSTOMER'S ORDER NO.
CONTRACT NO.
INVOICE NO.

**TERMS** 

20 NOVEMBER 1990 N4283 3016-91683

1498-02

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

. P.O: # 3016–91683

Through 18 November 1990

Line 3, Item 100-072 - New Bow

	Hours	Rate	Extension
Straight Time	1,193.25	\$37.00	\$44,150.25
Overtime	604.00	\$43.50	\$26,274.00
Double Time	11.00	\$50.50	\$555.50
Total Labor			\$70,979.75

Invoice Total:

\$70,979.75

Douglas M. Temple

(JCRJTDL3) RÚN 20-Nov-90 09:27 AM

JOB LABOR STATUS 3

Starting Date: 01/01/90 Ending Date: 11/18/90 WORKED/ BUDGETED ACTUAL %BUDG EARNED REG O. T. D. T. HOURS: EXP CMPLT : HOURS HOME HOURS HOURS HOURS HOURS DP17 MXV VIKING SERENADE TASKS AL CRAFT DETAIL TASK CRAFTS: ALL MODS/SUBS DETAIL: N Job N4283 TASK 0001 PROVIDE SERVICES 150.00 227. 50 151. 0% 0.00 % 0.00 0% 0.00 137.00 90.50 Craft 4 0.00 45.00 0.0% 45.00 0.00 0.00 0.00 Craft 5 (4-(0). (0)0) 182,50 121.0% 92.00 90. 50 0.00 0.00 TASK 0002 \*SET UP BAY 3 - CLOSED SE . . . OZOO 14.00 O. O% 🛷 O% 0.00 16,00 0.00 0.00 0.00 Craft 0. 00 16, 00 0. 0% 16.00 0.00 0. 00 0. 00 TASK 0003 JIGGS & FIXTURES 1000.00 143.00 108.50 0.00 14.0% 0% 0.00 34.50 0.00 0.00 0.00 25. 50 0. 50 0.00 Craft 0.0% 25.00 1000,00 0.00 Craft 5 117.50 11.0% 83.50 34.00 0.00 \*SPONSONS/DUCKTAIL-CLOSED TASK 0005 30, 00 18.00 0.00 0.00 0.00 48, 00 0. 0% 0% 0.00 12/2/2 0.00 Craft 5 0.00 48.00 0.0% 30.00 18.00 0.00 0. 00 TASK 0066 VIKING CROWN DISCO 139.00 . 0, 50 0.00 217.50 2.0% 0% 78.00 Craft 5 78.00 139.00 0. 50 0.00 TASK 0072 NEW BOW 0.00 901.75 461.00 11.00 0.00 6084, 00 1373. 75 23. 0% 0% 900.25 458.00 11.00 0.00 6084.00 1369. 25 23.0% Craft 5 13.50 0.00 0.00 3. 00 0.0% 0.00 3.00 0.00 0.00 Craft 15 0. 00 1.50 0.0% 1.50 0.00 0.00 TASK UNKNOWN UNKNOWN - VIKING SERENAD 0.00 0.00 0. 0% 0% 0.00 0.00 0.00 0.00 0.00

. :

Page 1

#### MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### INVOICE

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE
OUR JOB NO.
CUSTOMER'S ORDER NO.
CONTRACT NO.
INVOICE NO.

**TERMS** 

20 NOVEMBER 1990 N4283 3016-91683D

1497-01

**CUSTOMER CODE NUMBER:** 

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Through 18 November 1990 - For work accomplished prior to cancellation

Line 2, Item 100-066 - Viking Crown

	Hours	Rate	Extension
Straight Time	78.00	\$37.00	\$2,886.00
Overtime	139.00	\$43.50	\$6,046.50
Double Time	0.50	\$50.50	\$25.25
Total Labor			\$8,957.75

Invoice Total:

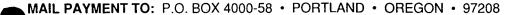
\$8,957.75

Douglas M. Temple Asst. Controller

Page 1

JOB LABOR STATUS 3
Starting Date: 01/01/90 Ending Date: 11/18/90

(							WORKED/				% MCMPLT	EARNED HOURS	REG HOURS	O. T.	D. T.	DP17	ر روز ال
3	Jo	) b 1	14283	M/V VIA	ING SER		N-10 EE S	BKB: ALL		Contract of	1000						2 3 4
5	TA	\sk	0001	PF	ROVIDE S	ERVICES Craft		150. 00 0. 00	227. 50 45. 00	151.0%	0%	0. 00	137. 00 45. 00	90. 50 0. 00	0. 00 ½ 0. 00	0. 00 0. 00	3 6 7 8
7	TA	. ev	0002	*OF	T UB DA	Craft		150.00 E 0.00		121, 0%			92.00	90: 50	0.00	0.00	9 10 11
10	- N. P.	ion <sub>e</sub>	OOUE	*36	. I OF BH	Craft	20000 20000 2000 2000	0.00		0. 0% 0. 0%	330.00		16.00	0. 00	0. 00 0. 00	0.00	12 13
12	TA	SK	0003		GGS & F			1000. 00 	143. 00 25: 50	14.0%		0.00	108. 50 25. 00	34. 50 0. 50	0. 00 0. 00	0. 00 0. 00	15
15	T.A	(Ou	0005		ONCONO				er e				83. 50	34. 00	0. 00	0. 00	<u>교실</u> - 기계
) [7]	,,	12K		*or	ONSONS/	Craft		0. 00 0. 00		0. 0%		∴ <b>0.00</b>	30. 00 30. 00	18. 00 18. 00	0. 00 0. 00	0. 00 0. 00	122 123 124
19	TA	SK	8800		KING CR	Craft	5	8573,00 8573,00		2,0% 2,0%	0%	0.00	78, 00 78, 00	139.00 139.00	0. 50 0. 50	0. 00 0. 00	25 26 27
22			0072	NE	W BOW	Craft		6084. 00 6084. 00	1369, 25	23. 0% 23. 0%		0. 00	901. 75 900. 25	461. 00 458. 00	11.00 11.00	0. 00 0. 00	
24	196					Craft Craft	SECTION OF THE SECTION		13. 50 3. 00 1. 50	0. 0% 0. 0%			0. 00 1. 50	3. 00 0. 00	0. 00 0. 00	0. 00 0. 00	
28	TA	SK	UNKNOW	N UK	IKNOWN -	VIKING	SERENA	D 0.00		0. 0%		0.00	0. 00	0. 00	0.00	0. 00	· · · · · · · · · · · · · · · · · · ·
30		45,377 17,575					**************************************										
33		1.															***
36	1 1388	St. Factors						1			MANAGE NO. 1975	en de la companya del companya de la companya del companya de la c	<del></del>		-		
38																	-52
9 =					-									<del></del>			53 59 59
1 1 1														:		an talle and the second and a second enhance	55 5 5 5
45 45 47													<u></u> 1				- 1 - 37 - 1 - 1 (
49	<del></del>											<del> </del>	<b></b>				
50											ologia (n. 1941) Antonio (n. 1941)						
53 54 55	guzzten											.*					j. 72
55 56	4.				400		9. 8										





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

**4 DECEMBER 1990** 

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO.

3016-91683

CONTRACT NO.

INVOICE NO.

1529-02

TERMS

\$42,877.68

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

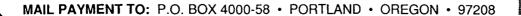
Through 2 December 1990

Line 1, Item 100-005 - Ducktail/Sponson

Invoice Total:

	<u>Hours</u>	<u> Hate</u>	Extension
Straight Time	725.00	\$37.00	\$26,825.00
Overtime	224.50	\$43.50	\$9,765.75
Double Time	0.50	\$50.50	\$25.25
Total Labor			\$36,616.00
Port of Portland Us	\$2,087.11		
Port of Portland U&	\$4,174.57		

Douglas M. Temple' Asst. Controller





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

**4 DECEMBER 1990** 

N4283 OUR JOB NO.

3016-91683

1530-03

CUSTOMER'S ORDER NO. CONTRACT NO.

INVOICE NO.

**TERMS** 

**CUSTOMER CODE NUMBER:** 

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Through 2 December 1990

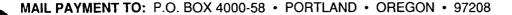
Line 3, Item 100-072 - New Bow

	Hours	Rate	Extension
Straight Time	266.50	\$37.00	\$9,860.50
Overtime	282.50	\$43.50	\$12,288.75
Double Time	0.00	\$50.50	\$0.00

Invoice Total:

\$22,149.25

Douglas M. Temple





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE 4 DECEMBER 1990

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO:

3016-91683

CONTRACT NO.

INVOICE NO.

1531-03

**TERMS** 

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Line 1, Item 100-005 - Ducktail/Sponson

**Material Purchases** 

\$146,869.58

Port of Portland Use & Rehabilitation Fee

\$8,371.57

Space Rental - Exempt from U&R

\$13,500.00

Invoice Total:

\$168,741.15

Douglas M. Temple

MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### INVOICE

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE OUR JOB NO.

CUSTOMER'S ORDER NO.
CONTRACT NO.

INVOICE NO.

**TERMS** 

4 DECEMBER 1990 N4283 3016-91683

1532-04

CUSTOMER CODE NUMBER:

Duns No. 00-902-8

#### VIKING SERENADE P.O. # 3016-91683

Line 3, Item 100-072 - New Bow

**Material Purchases** 

\$208,165.29

Invoice Total:

\$208,165.29

Douglas M. Temple

Asst. Controller

PAST DUE PAYMENTS SHALL BEAR INTEREST AT THE HIGHEST LAWFUL RATE UNTIL REPAID, NOT TO EXCEED 1 1/2% PER MONTH

CORRESPONDENCE ADDRESS: P.O. BOX 3108 • PORTLAND • OREGON • 97208 PHONE: (503) 285-7557

A DIVISION OF SOUTHWEST MARINE, INC.

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bidg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



#### INTERCOMPANY INVOICE

SAN DIEGO DIVISION FOOT OF SAMPSON STREET F.O. BOX 13308 SAN DIEGO, CA 92113-0308 DECEMBER 3, 1990

INVOICE NO: 1520-01

SERVICES OF JOHN GILMORE

SEPTEMBER 24, 1990 THROUGH NOVEMBER 30, 1990

50 DAYS

50% FOR RELATED COSTS

\$9,231.50 \$4,615.75

AIR TICKET - TRAVEL TO SAN DIEGO 9/24/90

\$379.00

TOTAL INVOICE

\$14,226.25

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

#### MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### INVOICE

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

18 DECEMBER 1990

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO.

3016-91683

CONTRACT NO.

INVOICE NO.

1581-04

**TERMS** 

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Through 16 December 1990

Line 1, Item 100-005 - Ducktail/Sponson

Hours	Hate	Extension
2,026.25	\$37.00	\$74,971.25
207.50	\$43.50	\$9,026.25
1.00	\$50.50	\$50.50
		\$84,048.00
a O Dahah Fas	(C 30/)	04 700 74
e & Henab Fee	(5.7%)	\$4,790.74
		\$88,838.74
	2,026.25 207.50 1.00	2,026.25 \$37.00 207.50 \$43.50

Douglas M. Temple

. . . . . .

MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### **INVOICE**

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

OUR JOB NO.

CUSTOMER'S ORDER NO.

CONTRACT NO.

INVOICE NO.

**TERMS** 

18 DECEMBER 1990

N4283 3016-91683

1586-07

Duns No. 00-902-8580

CUSTOMER CODE NUMBER:

#### VIKING SERENADE

P.O. # 3016-91683

Line 3, Item 100-072 - New Bow

**Material Purchases** 

\$138,566.10

Invoice Total:

\$138,566.10

Douglas M. Temple/

Asst. Controller

PAST DUE PAYMENTS SHALL BEAR INTEREST AT THE HIGHEST LAWFUL RATE UNTIL REPAID, NOT TO EXCEED 1 1/2% PER MONTH

CORRESPONDENCE ADDRESS : P.O. BOX 3108 • PORTLAND • OREGON • 97208 PHONE: (503) 285-7557

#### MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### **INVOICE**

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

**18 DECEMBER 1990** 

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO.

3016-91683

CONTRACT NO.

INVOICE NO.

1584-06

**TERMS** 

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

Line 1, Item 100-005 - Ducktail/Sponson

**Material Purchases** 

\$105,179.84

Port of Portland Use & Rehabilitation Fee

\$5,995.25

Space Rental - Exempt from U&R

\$7,814.50

Invoice Total:

\$118,989.59

Deuglas M. Temple



# ort of Portland

P.O. BOX 3529 PORTLAND, OR 97208-3529 (503) 231-5000 TWX: 910-464-5105 FAX÷(503) 231-5332

FORTLAND, OR

NORTHWEST MARINE, INC. 5555 N. CHANNEL, BLDG. 2 ACCOUNTS FAYABLE

97217

DATE

11/02/90

INVOICE NO.

96919

P.O. BOX 5095 PORTLAND, OR 97208-5098

### INVOICE

#### **TERMS NET CASH**

**DELINQUENCY** CHARGES at the rate of 1.50% per month, 18.0% per year, will be charged if invoice is not paid within 30 days of invoice date.

FOR PERIOD:

NOVEMBER 1990

LEASED SPACE: FORTLAND SHIP REPAIR YARD

BUILDING 4 BAY 3

WATER & SEWER

GAS & OXYGEN

COMFRESSED AIR

ELECTRICITY

@ \$137.50/MD

@ \$5.00/CCF

@ \$385.00/MO

@ \$0.08/KWH 22440

5,500.00

137.50

385.00

1,792.00

TOTAL AMOUNT DUE

7,814.50

QUESTIONS OR PROBLEMS CALL:

JUDY GREER

AT 1-800-547-8411

OR 1-503-231-5331

√OUCHER#

**VENDOR #** 

DATE DUE

TASK/ JOB/ACCT. DEPT. AMOUNT

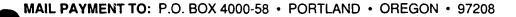
002794

REG. # \_

DATE

FIOCESSED BY DE

APPRVD BY





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

OUR JOB NO.
CUSTOMER'S ORDER NO.
CONTRACT NO.
INVOICE NO.

**TERMS** 

18 DECEMBER 1990 N4283 3016-91683

1585-06

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

#### **CREDIT MEMO**

Line 3, Item 100-072 - New Bow

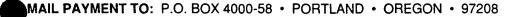
Cancel Invoice # 1532-04 in its entirety.

**Total Amount This Credit:** 

\$208,165.29

Douglas M. Temple Asst. Controller

PAST DUE PAYMENTS SHALL BEAR INTEREST AT THE HIGHEST LAWFUL RATE UNTIL REPAID, NOT TO EXCEED 1 1/2% PER MONTH





Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

**18 DECEMBER 1990** 

OUR JOB NO.

N4291

CUSTOMER'S ORDER NO.

3016-91683

CONTRACT NO.

INVOICE NO.

1583-05

**TERMS** 

**CUSTOMER CODE NUMBER:** 

Duns No. 00-902-8580

#### VIKING SERENADE

P.O. # 3016-91683

#### **CREDIT MEMO**

Line 1, Item 100-005 - Ducktail/Sponson

Cancel Invoice #1531-03 in its entirety.

**Total Amount This Credit:** 

\$168,741.15

Douglas M. Temple

MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



#### **INVOICE**

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA

DATE

OUR JOB NO.

CUSTOMER'S ORDER NO.
CONTRACT NO.

INVOICE NO.

TERMS

18 DECEMBER 1990

N4283 3016-91683

1582-05

Duns No. 00-902-8580

CUSTOMER CODE NUMBER:

#### VIKING SERENADE

P.O. # 3016-91683

Through 16 December 1990

Line 3, Item 100-072 - New Bow

	Hours	Rate	Extension
Straight Time	1,645.00	\$37.00	\$60,865.00
Overtime	559.50	\$43.50	\$24,338.25
Double Time	0.00	\$50.50	\$0.00

Invoice Total:

\$85,203.25

Douglas M. Temple

MAIL PAYMENT TO: P.O. BOX 4000-58 • PORTLAND • OREGON • 97208



# INVOICE

Southwest Marine, Inc. Foot of Sampson Street San Diego, CA DATE

28 DECEMBER 1990

OUR JOB NO.

CUSTOMER'S ORDER NO.

91937-D

CONTRACT NO.

INVOICE NO.

1597-01 Net

TERMS

CUSTOMER CODE NUMBER:

Duns No. 00-902-8580

Commission for providing technical and sales assistance in connection with acquisition of Viking Serenade contract.

**Total Invoice Amount:** 

\$500,000.00

Douglas M. Temple

Asst. Controller

# NORTHWEST MARINE IRON WORKS

5555 N. CHANNEL AVE. PORTLAND, OREGON 97217

# TRANSPORTATION ORDER

DELIVER FROM	M N.	W.M.Z.	· .	_DELIVER TO_	B.W.		00 - 0.
,	40	ETLAND,	UR.		BANFA	EANCLE	SCO, CA.
AUTHORIZED		EMER	FULLER	<u>;</u>	ATN:	BOB C	401
P.O. NO. //	076	9-01 30	OB ORDER NO.		DATE	8/24	190
			MATE	RIAL			
ITEM OR PART NO.	QUAN.			DESCR	RIPTION	,	
	2000	Fr. 3/4	F" AIR A	bse .			
				·			
	y 10 20*				·		
<u> </u>							Market Control of the
							,
	-		0 11		<u> </u>		<del></del>
			SHIP: VIA	KING	MIR.	FRT.	<u> </u>
			•	•			
* .							
		,					
<u> </u>		·					
					*		
						· :	<u> </u>
				· .			
OX. WEIG	SHT		_				
DRIVER		TRUCK NO	RI	CEIVED BY		DATE	1
	H F 2	· · · · · · · · · · · · · · · · · · ·		,	1.	No.	76493

Return to Sender

ORIGINAL

															//		ry				//	7	井		55	5								<b>4</b> C	<b>-</b> 3
									·····				<u>.                                      </u>		Ze	x	Z	/	7 ce	'ch	Se,		F		· · · · · · · · · · · · · · · · · · ·	- stat yes takkin akkin	A-1-7000LA 911-7000	STANDA	- 10 (	11MF	71576	TUTIC			
	- Annual Control		MERIN	INC. *							The appearance of the		- Andreas William			£	mpli e ont	oyer lnbu		To	- fa	. A	Tr	ust	×	Sc 1	ret old		RD 10	OLU	DIS	IIBU	N FU.	Mos	
	AW	2	4 9	1075	a						1			AN ANNAL STREET, AN		1			A CONTRACTOR OF THE PARTY OF TH	#		茅		,			and the second			Manufacture of the second					
	MAY	A 3	3 1	1 <b>973</b> 197	73	7 4			A control of the cont	5	5,78	<b>.</b>	20 A 10 A 10 A 10 A 10 A 10 A 10 A 10 A	4	00		00			7	199 199	97		15	20)		79 79	97		anno de la constante de la con			1		
	N N	AY AA	3 Y:	3 1 3 1	197/ 197/	75	Ba	el	Additional of the second of th	100 t to \$10 management	10.00 N - 10-10.00			g v	MATERIAL TO 100	∥ 3	3893 898	8 75	-  -	/3	504 638	43		(5	88) 88) 69	39 40	23	33 30, 73		-				400 a 100 d	
	M	AY	' <u>3</u>	1	1975	5		342	ANCE	1						11 1	500		11		1	24	!!		1 11	114		1 11							
						1	) 				Marine Control	MAA TOO FAMILY OF THE STATE OF	:						And Andrews of the Control of the Co		-			, jamen en saga samme .	Analysis and analysis are an analysis and an analysis are an analysis and an analysis are an analysis and an analysis and analysis analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis analysis and analysis analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis and analysis analysis and analysis analysis analysis analysis and analysis and analysis analysis a				Annual Properties	:				decree Marin and	
							* * **********************************			1		and the second s	-		1		· · · · · · · · · · · · · · · · · · ·		and the second s		-		-	Lupaccore universe	and the second s		-				<u>.                                    </u>		-	Accord Commission	to de constante de
		1	1 many frameway	ALL PROPERTY OF THE PROPERTY O			-	and the second s						,					100000000000000000000000000000000000000					-	and the state of t					an alternative references					
													a decidence		W 100 W 100										Transmitted and the second of										
		-		-	And a second sec			- 100% HPS	Account to the second control of the second			Tradition of the state of the s		!					And the state of t	-		And and a second											1	s-2007 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
		-			And the state of t		:	-											***************************************																
																	1					A STATE OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF T													
		+ +			Add adjuster company to the appropriate to the appr			ļ				And the second s							American American American			AND THE PARTY OF T													***************************************
		#			AMILIA MARIANA		,																												And the second s
			;	-	TO A THE THE THE THE THE THE THE THE THE THE	-						A Production of the Control of the C						1				And stated in the state of the													LI PERSONAL PROPERTY AND ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF THE PERSONAL PROPERTY ASSESSMENT OF
					and or other property of the control			Marie							Marie Management				and the same of th			- Indiana												, , , , , , , , , , , , , , , , , , , ,	
					The state of the s							A COLOR CONTRACTOR CON								-	-	100					<del></del>			ande - min		#			
				MAC COLUMN PROPERTY 11								nand company or sound of the company				-	1				1	And the second s		andra majormana								1000	1		
				-									and the second s									and the second s													
							1					The second secon										The second control of the second control of				1		And a second sec		1					
		-	:	an interest to the	Andrew Control of the			-				Management of the second of th	- 1	2		A CAMPAGE AND A			And a service of the	-				and one and approximation		1		A CONTRACTOR OF THE CONTRACTOR			-				****
												The second secon					To the state of					A A STATE OF THE S		. Portion of	MARTINE T SCHOOL		1				*** **** *****************************				
	_			-	A.C. 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	-						A CONTRACTOR OF THE CONTRACTOR	-			and the same of th	-			1		AAAADDA AAAADDA AAAAADA AAAAAAAAAAAAAA					1 .								
										name de la consequencia de la co							; ; ;				,	The same of the sa	**************************************	anger sammer erster						. !					
	***************************************		*****									4	-					A 4477# WE 1871		1										:					
					America de Companyo de Company	-		-		- 1	-	Marin various manufactures and the second sec	+			and an annual and an annual and an annual an an an an an an an an an an an an an		-				Andreas de la marcia del marcia de la marcia del la marcia									-			+	
<del></del>	<u></u>	1		1	4				4=		===	_4_			1	<u> </u>	<u> </u>		4=	<u> </u>	<u>i                                    </u>	==#			<u> </u>		Ш	<u></u>		<del></del>	<u> </u>	4	<u> </u>		====

# Johnson Marine Consultants

10768 NE Country Club Rd • Bainbridge Island, WA 98110 (206) 441-1337 • FAX (206) 842-6917 • Res. (206) 842-7760

FAX MEMO: (2 pages) 1 503 240 6600

DATE: 27 June, 1992

REF: SYNC250

TO:

Northwest Marine Iron

John Fitcha

FROM:

Johnson Marine Consultants

Paul Johnson

SUBJECT:

150 foot tugs

Dear John.

With regard to the unfinished tugs, each tug is powered by two GE 7FDM16 marine diesels (4000 H.P.) with Lufkin reduction gears. Engines and gears are sitting loose on their foundations. The design, hulls and machinery were under review and inspection by ABS for classification. The hulls have not yet been launched.

This information, with vessel characteristics, is being forwarded by fax. The complete Cushing report and main engine data will be sent by mail under this cover.

The gears onboard each tug are as follows:

Lufkin Model VSQ4220

Single reduction offset gear with a 5.83 : 1 ratio

1050 R.P.M. input to 180 R.P.M. output

1.8 service factor

The power train is designed with an Eaton air clutch and PSI CRP propellers.

Please call or fax for additional details. Will follow with a list of firms contacted for consideration by your marketing group.

Sincerely

Paul Johnson

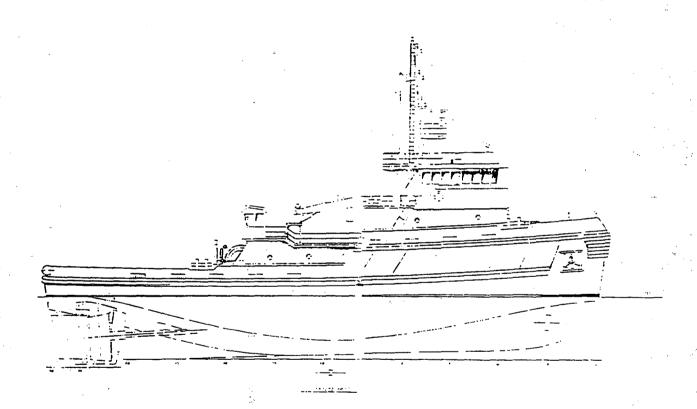
# John Marine Consulents

10768 NE Country Club Rd • Bainbridge Island, WA 98110 (206) 441-1337 • FAX (206) 842-6917 • Res. (206) 842-7760

SURVEY REPORT

C.R. CUSHING & CO. INC.

150 FT. OCEAN TUGS



Trip report on the survey of two 150 foot ocean-going tugs at Marine Power & Equipment Fox Avenue Shipyard in Seattle, Washington.

#### Persons Contacted

Peter Woeck, President, WFI Industries Michael Woeck, General Manager, Marine Logistics Corp. Dean Berto, General Manager, MPE Max Henry, Vice President, National Bank of Alaska

#### Vessel Characteristics

The vessel characteristics, as apparently designed, were taken from a preliminary set of specifications. That book, a general arrangement and an outboard profile, were offered as the only documentation remaining in the MPE offices; however, the National Bank of Alaska has requested all available drawings and expects to have them in hand on Friday, May 27.

LOA LDW	149 ft. 09-1/2 in. 146 ft. 08 in.
Bin	40 ft. 00 in.
Dm	19 fr. 06 in.
Draft	15 ft. 00 in.
Displacement	1181 L.T. S.W. @ designed
<b>* -</b> • </td <td>draft</td>	draft
Total Continuous HP	8000 @ 1050 RPM
SFC	0.33 LB/EHP-Hr
Max. Crew	13
Operative Crew	7-8
Tank Capacities: nr. :	
Diesel	228,665 Gals.
Fresh Water	23,400 "
Inbe Oil	5,000 "
Hydraulic Oil	1,000 "
Gear Oil	200 "
Contaminated Oil	1,400 "

Vessels are under construction by Marine Power and Equipment Co. at Seattle, Washington and are intended for ocean-going service.

Vessels are to be classed by ABS in accordance with the Rules for Building Vessels Under 61 Meters (200 ft.), +A1 Hull, +AMS Machinery, Class C Ice Strengthened.

#### Description

Both vessels are all steel, flush deck raised forward, twin rudder, twin screw with Kort nozzles, raked stem, flat molded hull and rounded stern. Decks have sheer forward. The deck house is two level steel construction located well forward. There are five staterooms with two berths, three with single berths, two heads, a galley and lounge. There is a pilot house, and an enclosed winch control station on the starboard side on the after end of the 01 Level.

#### Machinery

The same of the same of the

Major machinery consists of two General Electric Model 7FDM16, sixteen cylinder diesel engines coupled to Lufkin Model VSQ4220 single reduction offset gear units (5.83:1) fitted with Eaton air clutches. The propellors are controllable-pitch manufactured by Propulsion Systems, Inc. The engines and gears in both vessels are temporarily mounted on their foundations in preparation for initial alignment. Shafting, couplings, stern tuke instrumentation, electrical and other support systems are not installed in either vessel.

The vessels are each to be equipped with two (2), 200 kw, AC, diesel generator sets, not equipped for parallel operation but with the ability for remote load transfer from the pilot house. Only one of the four units is available.

A third auxiliary diesel in the engine room would drive a bow thruster located forward. Both thruster gear heads and propellers are available; one set being installed.

The shafting for both vessels is not available but is said to be in Sweden. The propeller hubs and blades for both vessels are available. Shafting cost is estimated at \$150,000 per ship set.

One inner and one outer stern tube bearings, two strut bearings and one stern tube stuffing box are available. There is no sign of strut bearing castings or stern tubes.

Oil/water separators are installed on each vessel.

Steering gear - Each vessel is to be equipped with a steering gear and two electro-hydraulic power units. Steering systems were not installed or sighted.

Keel coolers are called for in a specification revision, but there are two vertical sea water inlet pipes servicing the engine room.

#### Deck Machinery and Ground Tackle

Each vessel is to be equipped with Model DD250 Intercontinental Towing Winch, double drum, diesel powered (8V-71). Stall pull at the first layer is 355,000 lbs., and static brake pull is specified at 740,000 lbs. Only one winch is available, without engine and other minor parts such as level widener.

One horizontal anchor windlass with gypsy head is available. The drive unit, an electro-hydraulic power unit, is not.

There are two (one each), used, electric driven, 24" capstans for the aft deck specified at 30 H.P., 10,000 lbs. pull at 60'/min.

The stern of each vessel is to be fitted with two horizontal stern rollers and two sets of hydraulic lift-up tow pins. The pins are partially installed on the first hull and available for the second. The rollers are partially installed on the first and available for the second. Rollers are only rough machined.

One 50 H.P. (20,000 lbs. @ 10! radius) telescoping crane is specified for each unit. The crane bases, with electro-hydraulic drive units are installed on each vessel; the rest of the units were not sighted.

Two double bitts are to be fitted forward port and starboard and two aft port and starboard. One 2,550 lbs. Bower anchor with 13 shots of 1-1/4" Grade 2 chain are specified but not available. A devil's claw turnbuckle is also not sighted. An "H" bitt is shown on the general arrangement but not yet faoricated.

#### Equipment List

The following equipment list was developed from the preliminary machinery arrangement drawing, the specifications, and a survey of the vessels. While it cannot be purported to be accurate, it is certainly typical of tug boats. The three columns show respectively "Installed," "To Be Auctioned," and "Required But Not Purchased Nor Available."

	Units/ Vessel	Installed	To Be Auctioned	Required But Not Purchased Nor Available
Main Propulsion Engine	2	4		
Plexible Coupling (Eng/Gear)	2			X
Reduction Gear w/cooler	2	4		
llutch	2	4		
il Shrunk Coupling (Gear/Shaft)	2	-		x
TP Servo Box	2			See note
PP Hydraulic Power Unit	2			X
Main Engine Control Box	2		4	•••
Main Engine Lube Oil Cooler	2		3	1
ain Engine Lube Oil Filter	2		4	
.0. Prime & Transfer Pump	2		•	x
Aplex L.O. Strainer	2	·		X
ual F.O. Filter	2			x
F.O. Coalescer/Separator Filter	1			X
F.O. Transfer Pump	1			X .
Dirty Oil Pump	1			X
Bilge & Ballast Pump	î			X
Fire Pump	î			X
Salt Water Service Pump	î			X
Alge Pump (Eng. Room)	3			X
implex S.W. Suction Strainer	1		•	X
Bilge & Ballast Manifold	î ·	•		X
F.O. Manifold (Fwd)	1			X
7.0. Manifold (Aft)	1	•		x
Diesel Sump Tank Pump	3		r	X
Dil/Water Separator	1	2		
	J.	2		
Stern Rube Seal (Air/Water)	2	<u> </u>		
Strut Bearing (water lubricated) Aft Stern Tube Bearing (	4	2		
	•	4		•
(water lube)	2	*		
Fwd Stern Tube Bearing (water lube)	2	1	•	
Steering Gear Hydraulic	2	<b>.</b>		d-5
Power Unit	<b></b>	•		v
Auxiliary Diesel Generator	2 2		1	X 3
Aux. Eng. Starting Battery Pack	1		1	X
Sanitary Unit (MSD)	<b>.</b>			X ;
	<b>1</b>		4	•
Main Eng. Inlet Air Filter Assy		4	. ••	
Starting Air Receiver	2	4		
6.S. Air Receiver	, T	2		
Clutch Air Receiver	2			X
Air Compressors	2	. 4		••
F.W. Expansion Tank	1			X
Priable Water Pump & Tank	1			X
itary Water Pump & Tank	1			X
: Water Heater	1			X
Main Engine Switchboard	` <b>1</b>	1	•	1

		• <b>1</b>		Required But Not
	Units/ Vessel	Installed	To Be Auctioned	Purchased Nor Available
Woodward Governors, M/E	2		4	
Main Engine Silencers	2		4	
Dhaust Expansion Joint	2			
Bow Thruster Engine	2	1	•	X
Bow Thruster	ī	1	1	
Anchor Windlass	ī	_	(1)	(1)
Towing Winch	ī		(1)	1
Capstan	ī		2	,
Sat. Com.	ī			<b>X</b>
Sat. Nav.	1			X
Depth Sounder w/chart	ī	·		X
Radar	2			x
Weather Fax	ī	•		X
Kalenberg Electric Horn	7			X
Magnetic Compass (periscope)	1			X
8" Bronze Bell	<b>-</b>	•		X
Loran C	1.			X
19" Searchlights	2			X
14" Searchlights	1	,		X
Orocompass	1			X
)F/FM Radio Telephone	•			•
Wantenna	2		•	<b>X</b>
SSB Radio Telephone w/antenna	2			X
12 W Nationation Pottons	±			^
12 V. Navigation Battery	9	. •		<b>X</b>
Charger Assy	1		•	X
Anemometer Engine Room Monitor System	2			X .
General Alarm System	± •			X .
Vent Fans			4	<b>^</b>
	2	•	4	v
Engine Controls	0			X
Generator Controls	2			÷
Engine/Generator Alarm Panel	Ţ			4
Central Motor Control Panels	Ţ		2	, <i>N</i> .
460/120 Transformer	3			
460/240/120 Transformer Feeder & Distribution Panels	<u>,</u>			v
	4			X
Refrigerator	<u> </u>			X
Electric Range Dishwasher	1 T			X
kan talah dari berara dari berara dari berara dari berara dari berara dari berara dari berara dari berara dari	1		•	X
Washer	Ţ			<b>X</b> 1 2 3 4
Dryer	Ţ			X

Note: There are various boxes containing parts for the C.P. propeller system

#### <u>Controls</u>

The vessels are to be classed +AMS with an engine room monitoring system. In addition the main engines can be operated from six stations, two in the pilot house, two on the wings, and in the winch control house and one on the aft boat deck. Main engine remotes stop/start from the pilot house is possible after warm-up. Each engine is to be equipped with a 48 point monitoring system with engine and generator alarms in the pilot house.

### <u>Ccatings</u>

The following coating system is specified:

Hull to Waterline -

2 coats Devoe 230 - 8 mils each

1 coat Devoe Super-Trop - 2 mils

Waterline to Deck -

2 coats Devoe 230 - 8 mils each

1 coat Devoe 220 - 2 mils

Above Main Deck -

1 coat Devoe 230 - 6 mils

1 coat Devoe 229 - 2 mils

Main Deck, Flat Surfaces -

1 coat Devoe 210 - 2 mils

1 coat Devoe 237 - non-skid 2.5 mils

There is a primer coat on the superstructure, both interior and exterior, and on most of the interior hull. The exterior hull is not primed, has a light layer of rust and is starting to lightly pit in random areas.

#### Steel

The steel work on the first hull is about 85% complete, including outfitting steel. Except for struts and stern tubes, all that remains is rework and pick-up. The steel work is generally very good on both vessels, with very little obvious fairing; the second hull is slightly better. The second hull is about 5-10% behind, with work to be finished in both the steering gear area, struts, forward in way of the bow thruster, and some outfitting steel.

#### Weights

The following weights were taken from the calculations in the preliminary specification:

- 9) Fire detection systems
- 10) Heating and ventilation
- 11) Installation of I.C. and navigation systems
- 12) Installation of galley and laundry
- 13) Painting and cementing
- 14) Installation of furniture, sanitary fixtures, nameplates, markings and notices
- 15) All joiner work and interior decoration
- 16) Outfitting, rigging and lines
- 17) Ground tackle
- 18) Alignment, piping and wiring of main propulsion machinery
- 19) Installation, alignment, piping and wiring of auxiliary machinery
- 20) Installation and alignment of shafting, propellers and rudders
- 21) Launching
- 22) Tests and trails

#### Construction Costs

The General Manager at MPE estimated about 100,000 man-hours to construct a 150 foot tug boat. We agree that this is approximately the number of man-hours required for a vessel of this type.

At \$35/hour labor rate and 100,000 man-hours, the total labor cost would be about \$3.5 million.

The West Coast labor rate ("charge out rate") during 1987 was in the range of \$38 to \$40/man-hour. However, the current rate at MP&E is \$33.75/man-hour. On a bid basis for a large job such as the completion of two tugs, it is possible that a lower hourly rate could be achieved, say in the range of \$28 to \$30/man-hour.

Using generally accepted ratios for this type of vessel, the steel work would consume 35% of the hours, with the remaining 65% being used in machinery installation and outfitting, which are highly labor-intensive.

Each hull requires 450 tons of steel plus 15% allowance for wastage, giving a total of 517 tons of steel. At 65 man-hours/ton, the labor cost for fabricating, erecting and welding the steel is approximately 33,637 man-hours. This leaves about 66,500 man-hours for the outfitting trades. Since no outfitting has been done yet, this means that about \$2,325,000 worth of labor is required to complete outfitting.

Considered another way, one may assume that the cost of this type vessel is 50% labor and 50% material. Each tug requires 517 tons of steel. If steel is purchased at an average of \$450/ton, then \$233,000 worth of steel has been purchased for each tug.

#### Light Ship:

Steel	332 tons
Outfit	119 "
Machinery	<u> 183</u> "
-	635 tons
50% liquids	410
	1045 tons
100% liquids	809
_	1444 tons

Preliminary hydrostatic curves and tank capacities are enclosed.

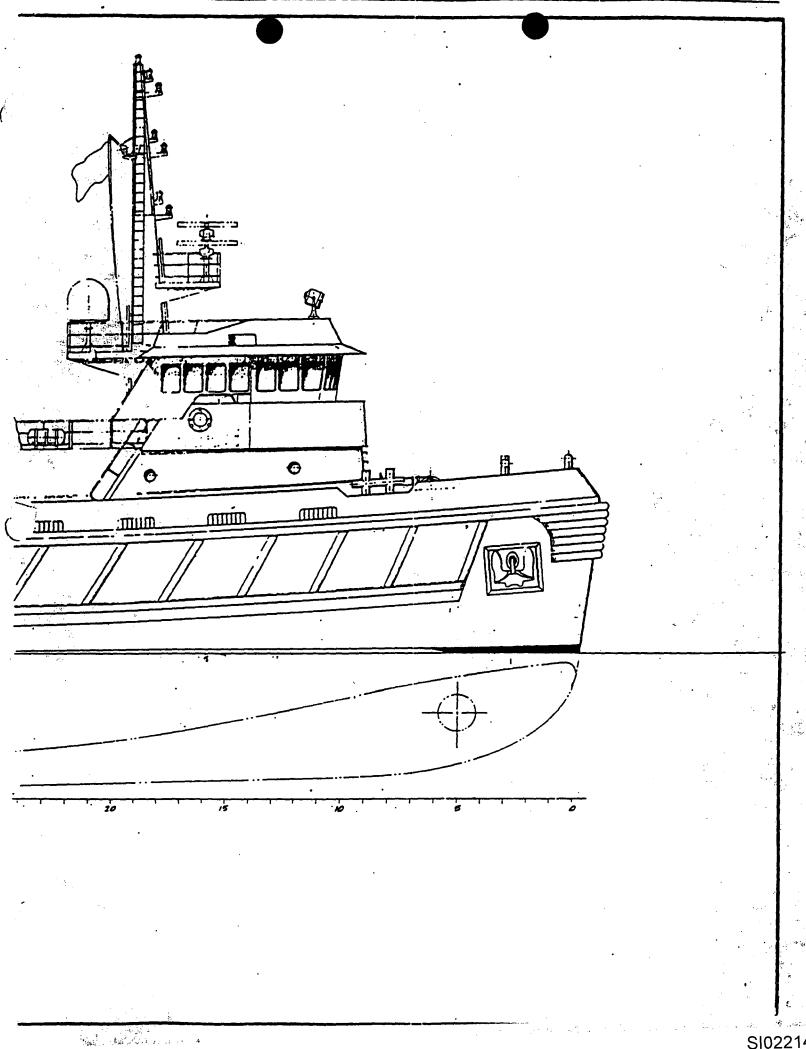
#### Completion

The first hull is 35-40% complete with the second hull 5-10% behind. In addition to the steel on the first hull which is virtually all welded, the main engines, reduction gears, bow thruster, oil/water separator, main switchboard, air compressors and (3) receivers, are on-board. All foundations seem to be in, and also all ladders and handrails, all cable hangers and some (minimal) lighting. The piping through the tanks and the vents and sounding tubes also seem to be completed. I could not enter the tanks.

The second hull lacks the piping, ladders and handrails, bow thruster and various foundations.

The following is a general list of work to be done on both vessels. The cost to complete will be between three and four million dollars, depending in part on the quality of equipment purchased.

- 1) Complete steel work
- 2) Deck house and interior bulkheads
- 3) Deck coverings
- 5) Insulation and liners
- 6) Masts
- 7) Piping systems
  - a) Sea water
  - b) Fresh water
  - c) Bilge and ballast
  - d) Drains
  - e) Fuel oil
  - f) Lube oil
  - g) Exhaust
  - h) Compressed air
  - i) Vents and sounding pipes
- 8) Electrical systems, including pulling about 20,000 ft. of cable



# PRINCIPAL CHARACTERISTICS

LENGTH OVERALL \_\_\_\_\_149' - 91/2"

LENGTH DWL \_\_\_\_\_\_146' - 8"

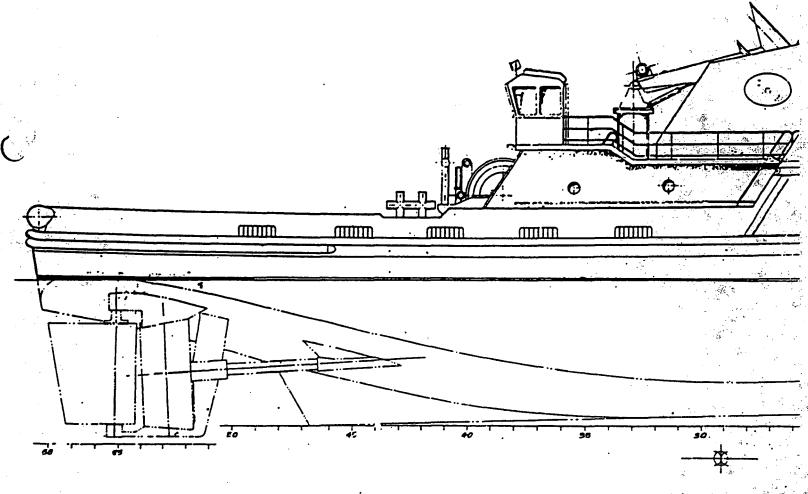
BREADTH MOLDED \_\_\_\_\_ 40' - 0"

HULL DEPTH MIDSHIP \_\_\_\_\_ 19' - 6"

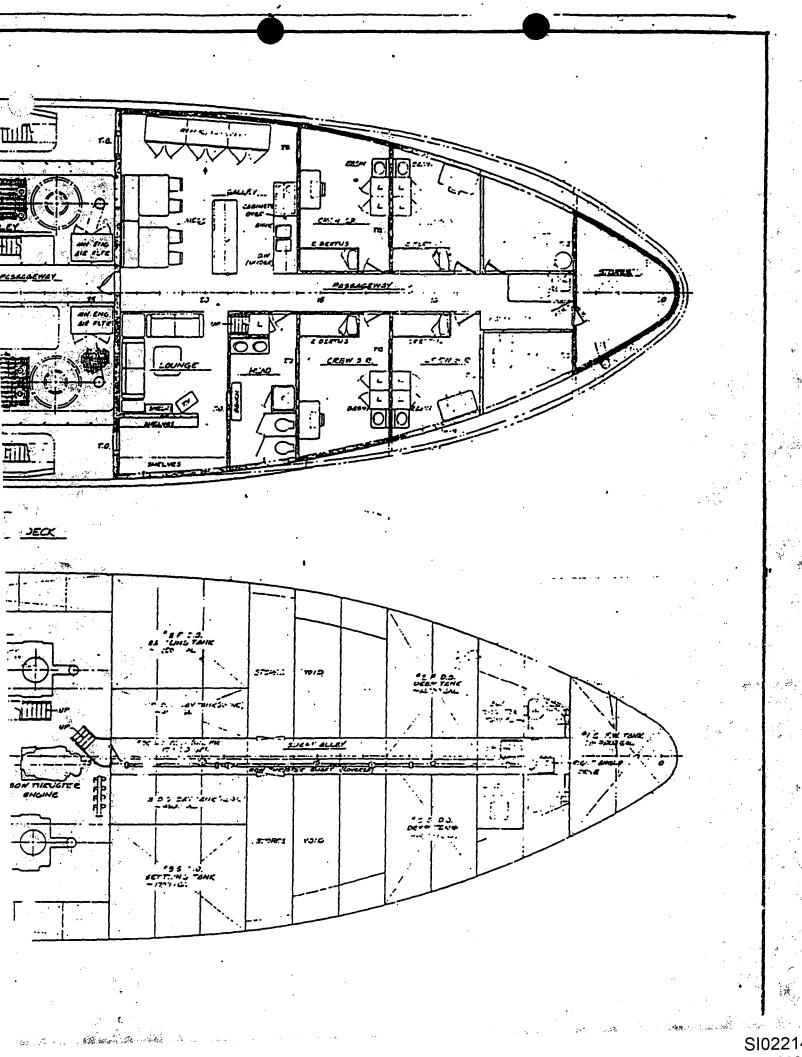
DRAFT DWL \_\_\_\_\_\_ 15' - 0"

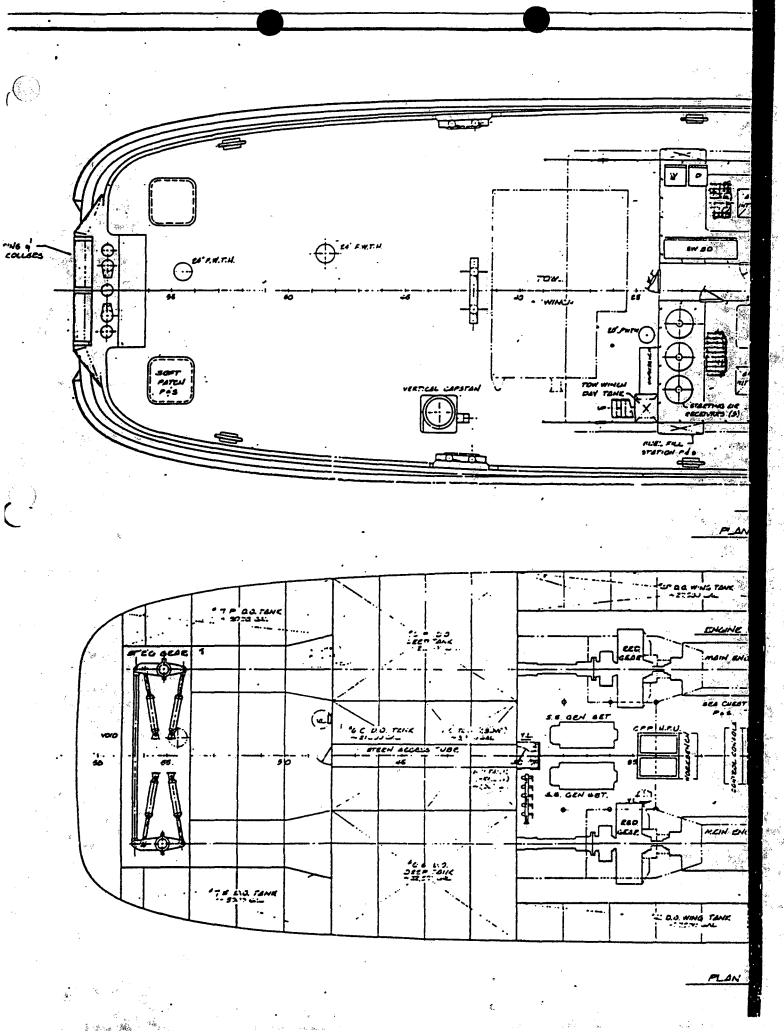
FUEL CAPACITY \_\_\_\_\_ ~ 243,000 GAL.

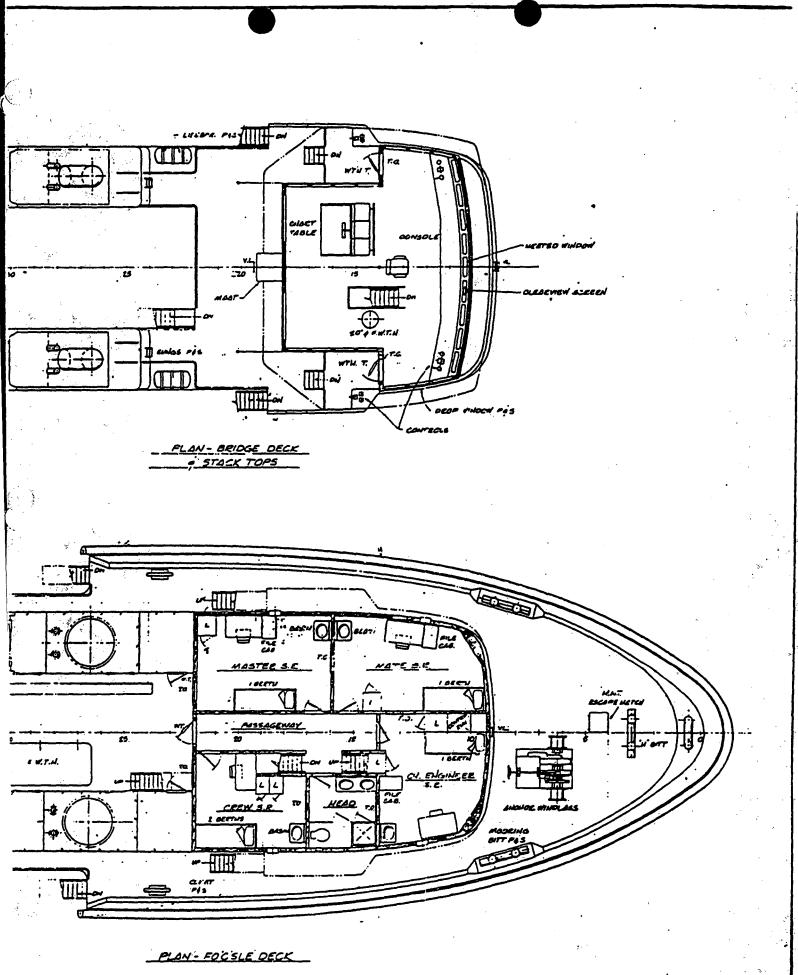
F.W. CAPACITY \_\_\_\_ ~ 9,000 GAL.



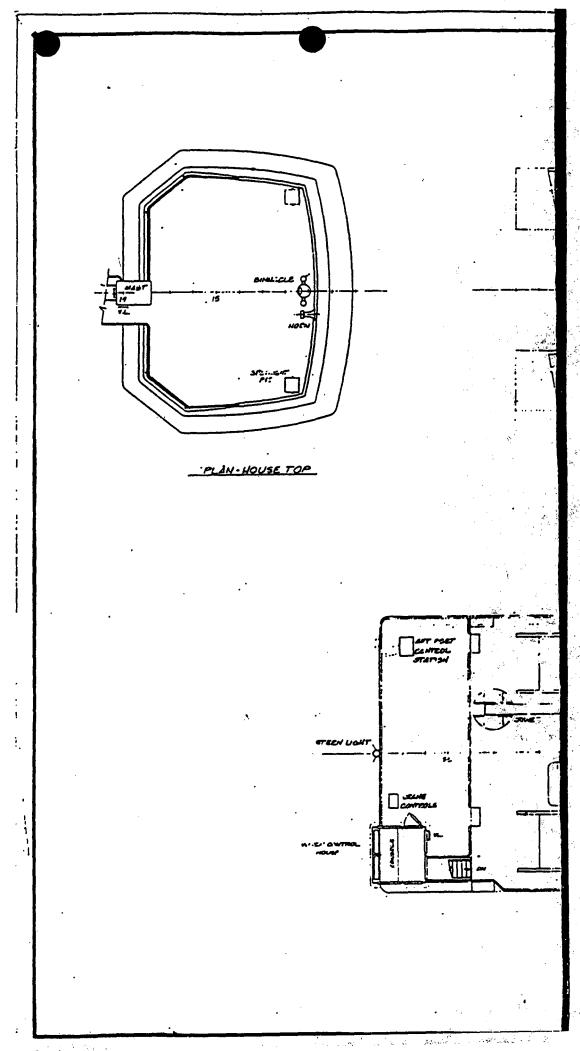
San Andrews







A Company of the Comp





Summer and Fall have seen an unusual event occur in Portland. Many ship operators are enhancing their revenue generating capability by adding cargo carrying capacity to their vessels by adding midbodies. Portland, however, has been witness to the first ever move in the opposite direction. Keystone Shipping's very large crude carrier, "KEYSTONE CANYON", has been at Northwest Marine for a reduction in cargo capacity. Hopefully this first time ever project will be the first of more to come.

A complete fifty foot section was removed from the center of the ship. This excision reduced the number of barrels of oil the vessel could carry from 1.2 million to 900 thousand barrels. This reduction in capacity allows the vessel to trade in ports where she had not been previously permitted to accept or discharge crude oil. A ship can only pay for itself through its ability to transport cargo. In this case the ship's revenue generating capability has been increased by the same undertaking which has reduced its cargo carrying capacity. This too is probably a first.

The project, which was priced in excess of \$10 million, comes from an old friend to the Portland Shipyards, Keystone Shipping of Philadelphia. The "KEYSTONE CANYON" has been here many times before as have been many other ships flying the Keystone flag. The project's ultimate financial sponsor and Keystone's customer, B.P. Oil, Inc. of Cleveland, has been an active participant in the project. B.P. Oil is the major player in the Prudhoe Bay/Aleyaska/Valdez crude oil industry. It is their oil which is destined to be transported into the new ports now available to Keystone Canyon.

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON

But what of our old friend, the 50 foot center section of the "KEYSTONE CANYON"?

Keep your eyes peeled for her return to the shipyard as a work barge at Northwest

Marine. No innovation has been spared on this project.

This technically demanding event is not the first first for our shipyard. Many other innovative projects have preceded this one and many other firsts will follow. At its peak this project required in excess of 450 shipyard workers and fully utilized the capacity of drydock number 4. This facility demonstrated flexibility enough for this type of work to run concurrent with a major Navy modernization, other large cargo carrying vessel projects and major cruise ship maintenance availabilities.

Summer and Fall have seen an unusual event occur in Portland. Many ship operators are enhancing their revenue generating capability by adding cargo carrying capacity to their vessels by adding midbodies. Portland, however, has been witness to the first ever move in the opposite direction. Keystone Shipping's very large crude carrier, "KEYSTONE CANYON", has been at Northwest Marine for a reduction in cargo capacity. Hopefully this first time ever project will be the first of more to come.

A complete fifty foot section was removed from the center of the ship. This excision reduced the number of barrels of oil the vessel could carry from 1.2 million to 900 thousand barrels. This reduction in capacity allows the vessel to trade in ports where she had not been previously permitted to accept or discharge crude oil. A ship can only pay for itself through its ability to transport cargo. In this case the ship's revenue generating capability has been increased by the same undertaking which has reduced its cargo carrying capacity. This too is probably a first.

The project, which was priced in excess of \$10 million, comes from an old friend to the Portland Shipyards, Keystone Shipping of Philadelphia. The "KEYSTONE CANYON" has been here many times before as have been many other ships flying the Keystone flag. The project's ultimate financial sponsor and Keystone's customer, B.P. Oil, Inc. of Cleveland, has been an active participant in the project. B.P. Oil is the major player in the Prudhoe Bay/Aleyaska/Valdez crude oil industry. It is their oil which is destined to be transported into the new ports now available to Keystone Canyon.

But what of our old friend, the 50 foot center section of the "KEYSTONE CANYON"?

Keep your eyes peeled for her return to the shipyard as a work barge at Northwest

Marine. No innovation has been spared on this project.

This technically demanding event is not the first first for our shipyard. Many other innovative projects have preceded this one and many other firsts will follow. At its peak this project required in excess of 450 shipyard workers and fully utilized the capacity of drydock number 4. This facility demonstrated flexibility enough for this type of work to run concurrent with a major Navy modernization, other large cargo carrying vessel projects and major cruise ship maintenance availabilities.

## THE KEYSTONE CANYON CAPACITY REDUCTION

In February of 1990, Northwest Marine submitted a bid to reduce the capacity of the Brooks Range by 40,000 tons through removal of a 50' 6" midsection. The Brooks Range was owned by Interocean Management and chartered to British Petroleum. British Petroleum was interested in the reduction of the 165K DWT tankers which were under their control, to allow the ships access to a greater number of West Coast ports. Northwest Marine felt confident that this project could be done successfully and economically as we proposed a single girth cut vice the staggered plate arrangement bid by our competitors.

In conversations and written notes prior to the bid, Northwest Marine and British Petroleum understood that certain conditions which were critical to maintaining schedule and budget on a major conversion such as this undertaking.

# The two primary issues were:

- 1. British Petroleum would be responsible for thorough cleaning of the vessel so that it would arrive in a gas-free condition.
- 2. Northwest Marine's time and budget allowed for only minor misalignment when bringing the vessel halves together.

Due to other considerations, the contract for the Brooks Range was never awarded. In the Spring of 1990, British Petroleum approached Northwest Marine to accomplish the same job on the Keystone Canyon (owned by Keystone Shipping Company). This new contract would incorporate all the previous requirements of the capacity reduction for the Brooks Range, and Northwest Marine would be issued a different M & R package tailored to the Keystone Canyon. The contract for Keystone Canyon capacity reduction was signed on July 5, 1990 and the vessel arrived on August 4, 1990.

Unfortunately, neither of the two primary assumptions on which Northwest Marine's bid was predicated (above) were realized. The ship came in with almost no tank cleaning accomplished; there was a serious problem with paraffin residue in the tanks which was up to six inches thick and precluded critical hot work from getting started. Hand scraping of the tanks required many days to accomplish and seriously affected our production schedule. Regarding alignment, Northwest Marine had qualified our bid for nine inches of cutback on each longitudinal. Actual cutbacks were significantly longer than that in order to achieve alignment within British Petroleum inspectors stringent criteria. The Owner has not fully accepted liability for either of these events.

Northwest Marine submitted a request for compensation to Keystone Shipping Company for the issues. Although we made repeated attempts to contact them and reach an amicable settlement, Keystone Shipping Company did not respond to our request for almost a year. Unfortunately we are now attempting to settle the suit through litigation.

#### THE KEYSTONE CANYON CAPACITY REDUCTION

In February of 1990, Northwest Marine submitted a bid to reduce the capacity of the Brooks Range by 40,000 tons through removal of a 55 foot midsection. The Brooks Range was owned by Interocean Management and chartered to British Petroleum. British Petroleum was interested in the reduction of the 165K DWT tankers which were under their control, to allow the ships access to a greater number of West Coast ports. Northwest Marine felt confident that this project could be done successfully and economically as we proposed a single girth cut vice the staggered plate arrangement bid by our competitors.

In conversations and written notes prior to the bid, Northwest Marine and British Petroleum understood that certain conditions which were critical to maintaining schedule and budget on a major conversion such as this undertaking. The two primary issues were:

- 1. British Petroleum would be responsible for thorough cleaning of the vessel so that it would arrive in a gas-free condition.
- 2. Northwest Marine's time and budget allowed for only minor misalignment when bringing the vessel halves together.

Due to other considerations, the contact for the Brooks Range was never awarded. In the Spring of 1990, British Petroleum approached Northwest Marine to accomplish the same job on the Keystone Canyon (owned by Keystone Shipping Company). This new contract would incorporate all the previous requirements of the capacity reduction for the Brooks Range, and Northwest Marine would be issued a different M & R package tailored to the Keystone Canyon. The contract for Keystone Canyon capacity reduction was signed on July 5, 1990 and the vessel arrived on August 4, 1990.

Unfortunately, neither of the two primary assumptions on which Northwest Marine's bid was predicated (above) were realized. The ship came in with almost no tank cleaning accomplished; there was a serious problem with paraffin residue in the tanks which was up to six inches thick and precluded critical hot work from getting started. Hand scraping of the tanks required many days to accomplish and seriously affected our production schedule. Regarding alignment, Northwest Marine had qualified our bid for nine inches of cutback on each longitudinal. Actual cutbacks were significantly longer than that in order to achieve alignment within British Petroleum inspectors stringent criteria. The Owner has not fully accepted liability for either of these events.

Northwest Marine was also required to accomplish fit-up and welding inspections which were far in excess of our normal practice and not anticipated or known at the time our bid on the Brooks Range was submitted.

Northwest Marine submitted a request for compensation to Keystone Shipping Company for the issues. Although we made repeated attempts to contact them and reach an amicable settlement, KSC did not respond to our request for over a year. We are not attempting to settle the suit through litigation.

Bill-If Locks looks sood to you I Will change the typo & Set it out. THE KEYSTONE CANYON CAPACITY REDUCTION

In February of 1990, Northwest Marine (NWM) submitted a bid to reduce the capacity of the Brooks Range by 40,000 tons through removal of a 55 foot midsection. The Brooks Range was owned by IOM and chartered to British Petroleum (BP). BP was interested in the reduction of the 165K DWT tankers which were under their control, to allow the ships access to a greater number of west coast ports. NWM felt confident that this project could be done successfully and economically as we proposed a single girth cut vice the staggered plate arrangement bid by our competitors.

In conversations and written notes prior to the bid, NWM and BP understood that certain conditions which were critical to maintaining schedule and budget on a major conversion such as this undertaking. The two primary issues were:

- 1. BP would be responsible for thorough cleaning of the vessel so that it would arrive in a gas-free condition.
- 2. NWM's time and budget allowed for only minor misalignment when bringing the vessel halves together.

Due to other considerations, the contract for the Brooks Range was never awarded. In the spring of 1990, BP approached NWM to accomplish the same job on the Keystone Canyon (owned by Keystone Shipping Company). This new contract would incorporate all the previous requirements of the capacity reduction for the Brooks Range, and NWM would be issued a different M & R package tailored to the Keystone Canyon. The contract for Keystone Canyon Capacity Reduction was signed on July 5, 1990, and the vessel arrived on August 4, 1990.

Unfortunately, neither of the two primary assumptions on which NWM's bid was predicated (above) were realized. The ship came in with almost no tank cleaning accomplished: there was a serious problem with paraffin residue in the tanks which was up to 6 inches thick and precluded critical hot work from getting started. Hand scraping of the tanks required many days to accomplish and seriously affected our production schedule. Regarding alignment, NWM had qualified our bid for 9 inches of cutback on each longitudinal. Actual cutbacks were significantly longer than that in order to achieve alignment within BP inspectors stringent criteria. The Owner has not fully accepted liability for either of these events.

NWM was also required to accomplish fit-up and welding inspections which were far in excess of our normal practice and not anticipated or known at the time our bid on the Brooks Range was submitted.

NWM submitted a request for compensation to Keystone Shipping Company for the issues. Although we made reported attempts to contact them and reach an amicable settlement, KSC did not respond to our request for over a year. We are now attempting to settle the suit through litigation.

A DIVISION OF SOUTHWEST MARINE, INC.

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600

#### MEMORANDUM

TO:

Art Engel

FROM:

George Riddle

DATE:

July 26, 1991

SUBJECT:

S.S. Kenai

Per own recent telephone conversation, here's what has transpired...

Bid request received July 19, 1991 asking for bids to be received by August 2nd. ETA was shown as August 14, 1991.

- 2. I faxed a request to Koslow on July 23, 1991, asking for a bid extension to August 9 th.
- Late Wednesday ,July 24, heard via Jim Coleman, via the POP, that ETA 3. had been changed to August 3rd. due to drydock availability. WE WERE NOT INFORMED BY KEYSTONE OF THIS CHANGE.
- 4. I called Koslow on Thursday to confirm request...according to his secretary, he was out of town until friday and at that time a decision would be made. Was she thinking of an award decision, maybe ????
- 5. I called Koslow first thing this morning and he confirmed the receipt of my request and said " all kinds of things were happening and changing right now", and my request was denied. I asked if the bid opening was still scheduled for the 2nd. of August, to which he replied "yes". I then said that I had heard a rumor that the ETA was now August 3rd. to which he said "could be, there's a possibility". Again I made sure of the August 2nd. bid opening and he said "that's right", and I said "OK" then we'll have to go like crazy to put some numbers together...thanks anyway "

I left the yard with Bill Zavin for other business, and upon my return of about 10.00 am, I learned that Cascade General had been awarded the job. I mentioned to you that Koslow had called me , but after checking further with my staff, apparently he never did. I called Koslow to try to find out how come they didn't want to wait for our bid, or why we were not asked to accelerate our bid process to respond earlier.

Why Koslow didn't inform me of their intentions when I called him earlier, is beyond me...pure bad manners! Obviously, he had been negotiating for a couple of days with Cascade.

Needless to say, I am somewhat perturbed at this whole situation, and I believe serious discussions should be held between the main principles involved, since part of our future business is threatened.

c.c Bill Johnston

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON



# **MEMORANDUM**

ART ENGEL

To:

**BOB HUBBARD** 

Date:

From:

JUNE 28, 1991

Subject:

EXPLANATION OF THE DELAYED DELIVERY OF THE

KEYSTONE GOLDEN GATE

The following explanation of the delayed delivery date on the Keystone Golden Gate will serve to give you an overview of the reasons for the delays. There are a myriad of detail reasons that in total contribute to the delays; however, the problems shown below are the most critical. Generally we feel that we could have completed the basic specification in the 19 days as bid. The additions and modifications to the specifications were the main reasons for the delays. Mitch Koslow, Keystone and Bob Catrona, Keystone met with Joel Dancer and Phil White on June 6 and Keystone was informed verbally at this time that the ship would not be re-delivered earlier than June 12. Keystone was informed of subsequent delays by a weekly progress schedule that was faxed to Mitch Koslow in Philadelphia. Daily discussions between SWM's Ship Superintendent and the Contract Account Manager and the Keystone Port Engineer took place to keep Keystone apprised of the work progress. When re-delivery passed June 12 because of new work identified by Keystone, the Port Engineer was informed that a new re-delivery date could not be determined because new work was continually being issued to the yard. The Port Engineer remarked that re-delivery was secondary to identifying additional required work. Keystone was invited to the daily progress meetings where re-delivery was discussed along with the work progress but they only attended a few times. Our enthusiasm to please the customer and deliver the ship on time caused us to make some decisions that turned out to be less than optimum. One thing for sure is that we should have been more formal in the notification of delays.

The ship arrived at 0730 May 20, 1991. The contract started at 2000 hours on

June 28, 1991
MEMORANDUM EXPLANATION OF THE DELAYED DELIVERY OF THE
KEYSTONE GOLDEN GATE
Page 2

that day because the crew did not have the ship gas free and they had to do additional work to gas free the ship per the contract. The original contract redelivery was June 7 at 2000 hrs. We actually re-delivered the ship at 1600 on June 23. The ship went to anchor and we worked one more day on the ship at anchor. The changed specifications shown below are the primary cause of the delay.

## A. Critical Path Items

1. After award and prior to ship arrival, we had planned that the cargo pipe modifications, the tank blasting and painting, and the vapor recovery system were the critical path items. We assumed that the tanks to be blasted and painted would have minimal or no fractures because there were no fractures identified in these tanks in the repair specifications. We were told that all tanks were inspected for fractures prior to ship delivery. This was an incorrect assumption. The tanks were made available to the Owner, the Coast Guard and ABS immediately after gas free was completed. Required staging and ladders were provided for this inspection. Inspections were carried out during the period prior to receiving the first list of fractures and continued until June 10. We started receiving lists of additional tank fractures on May 27. These lists were added to on a daily basis until the last list was received on June 10. All of this time we were working around the tank blasting and painting. The tank fracture item became a very disruptive item and Keystone was well aware of the situation. To give you a feel for the magnitude of the growth, the manhours for tank fracture repair increased 1500% over duration of the availability. The staging for the tank fracture repair doubled. Because the tank preservation was a critical path work item, we decided to work around the fracture problem. This decision caused a tremendous amount of rework in the tanks which increased our cost; however, it caused less delays. If we had not done this the ship would have been delayed another six days. Without the large amount of tank fractures that were identified late in the repair

June 28, 1991
MEMORANDUM EXPLANATION OF THE DELAYED DELIVERY OF THE
KEYSTONE GOLDEN GATE
Page 3

period, we would have completed the tank work on schedule; however, the rework, caused by the repair of the fractures, delayed the completion to June 23.

- 2. Modifications and problems on the vapor recovery system installation were identified during our initial ship check and the job went relatively smooth. After an extensive ship check, we had seven days to plan, order material, and prefab for this item. This item became less than critical because the tank preservation and fracture repair were now more critical and our manning was adjusted to reflect this situation; therefore, the item was completed later than originally scheduled.
- 3. Cargo and ballast system hydro test was placed on hold by Keystone at the arrival conference on May 19. SWM suggested that we hydro the system at the beginning of the repair period to verify repair requirements. It was stated that the ship's crew had already conducted a hydro and had identified all of the leaks. The date of this early hydro is unknown. One leak which was known to the crew but was not made known to SWM, until after tank preservation work commenced, was a 14" Dresser coupling in tank #3C. At this point in the progress of the work, tank preservation had just started and although repairs at this time would have been the least disruptive, the Port Engineer directed that the repair not be made until the tank painting was complete. This decision was instrumental in forcing hydros to be accomplished piecemeal and not be completed until June 23. The Port Engineer was aware of the implications of his decision. The Dresser coupling repair started June 9 and final hydro was completed June 23. Because of the delayed hydro, we were turned-on to repair 9 cargo valves on June 20. These valves had to be repaired in order to complete the cargo system hydro. At this point in time we are jumping though hoops to deliver the ship. Another problem was identified in the cargo piping modification and that was the location of the reach rods. position of the deck stands was re-directed several times by the ship's captain. The final location of the reach rods caused even further rework because an



extraordinary amount of bracing and stiffening was required in the tanks. In addition, SWM incorrectly supported the reach rods which caused a two day delay in completion of this item.

## B. Boilers

This item was not a critical item at the beginning of the contract; however, it became critical because the scope of this job increased dramatically while work was underway. The original scope on refractory replacement doubled and reworking of the hand holes doubled. Repairs for leaks required gasket and packing repairs to 85% of the boiler mounts and steam system. Normally these repairs are less than 20% of the system.

Boiler safeties were removed and installed three times at the Port Engineer's direction.

A superheater piping leak was found June 4, the Port Engineer authorized the work on June 6, and the shipyard completed the repair June 13. This was a major job which was completed in a very rapid manner in an attempt to get them on their way. Crew delayed light off by identifying new repair items similar to the superheater leak every day during the period that the ship was trying to light off. Ships boilers could have been on line 3 - 7 days earlier if these problems had been identified early in the availability.

### C. F.O. Heaters

This item was originally complete prior to the original re-delivery date and on June 15 we received a change to this item to realign the steam supply to the heaters.



This contributed to the delayed light off, since fuel supply to the boilers could not be heated and then pumped to the burners.

# D. Lifeboat Rollers

This was an outstanding Coast Guard 835 mandated "no sail" item which was initiated by the Port Engineer June 20 and completed June 24. This 835 had been outstanding for five years.

# E. Foam Tank Modification

The engineering done on this item prior to the repair period appeared to be incomplete because of the following:

- 1. The tank would not fit in the designated space (height problem). We modified the deck above; started May 22.
- 2. It appears that consideration was not given to USCG, SOLAS or API regulations; therefore, the following modifications had to be engineered on the run and completed during the repair period. The final design was complete on June 6 and SWM was complete June 22. This caused delay in the delivery and became another critical path item. The following changes were made during the installation:
  - a. A-60 bulkheads added.
  - b. Ventilation requirements modified.

June 28, 1991
MEMORANDUM EXPLANATION OF THE DELAYED DELIVERY OF THE
KEYSTONE GOLDEN GATE
Page 6

- c. Smoke tight bulkheads added.
- d. Copper pipe not permitted, substituted steel pipe.
- e. Electrical modifications were made.
- f. Under deck stiffening to support tank was added.
- g. Fire dampers were required and added.
- h. Asbestos paneling could not be re-installed as specified.
- i. Steel pipe installed in accordance with the specification and blueprints had to be changed to stainless steel to conform with owner furnished material requirements.

The scope changes required by the Coast Guard and Regulatory Bodies amounted to a change in cost and time by a factor of 4.

# F. Items 137, 138, 139, and 164 Tank Fractures and Staging

Items 137 through 139 were placed on hold by Keystone on May 22. Item 137 was reopened on May 27 with partial cancellations of Item 164. The first fracture list generated by Keystone was issued May 27 and then updated daily through June 6. One additional list was issued for tank #3C (one of the tanks being painted) on June 10. These lists were generated as a result of Coast Guard and ABS inspections.

The fact that these repairs came out piecemeal and were in areas that were unexpected by Keystone personnel indicates that the raft inspection that was done by the crew prior to ship arrival was not complete. All identified cracks in the basic specification were at the 10 ft. level and below and none were identified in the tanks that were scheduled for preservation work. All new cracks identified in the lists were above this level in the tanks and required staging to inspect and repair. This was a major factor in the schedule delay. These fractures were repaired by June 14 and caused rework that was not complete until June 23. The method of handling these fractures was to tape the fractures prior to painting and



repair them after painting. We were driven by the critical path to work around painters versus shutting down the blasting and painting to repair fractures which would have delayed the job more than it was delayed. The rework involved cleaning and repainting in the freshly painted tanks.

# G. Test Cargo Pump Over-speed Trips

At the arrival conference, SWM requested that the over-speed trips be tested prior to boiler shutdown: The Port Engineer directed SWM to wait until after boiler items were complete. He apparently believed that he could later cancel these items and receive a credit. If testing had been done early the following problems would have been avoided.

- 1. Pump alignment and coupling problems would have been identified earlier. This change was issued June 6 to install owner furnished couplings and accomplish alignments. This in itself involved 30 twelve hour shifts to accomplish. Completed June 23.
- 2. Interference with cargo pipe hydros would have been avoided, thus allowing their completion in a more timely manner.

# H. Drydock Delays

Keystone changed the paint specification and sea valve requirements during the docking period and this alone delayed us on the dock four days.

June 28, 1991
MEMORANDUM EXPLANATION OF THE DELAYED DELIVERY OF THE
KEYSTONE GOLDEN GATE
Page 8

The originally planned drydocking of the GOLDEN GATE was to be carried out on May 31 and remain on the dock through June 8 with 1 day allowed for docking and 1 day with the ship afloat in dock for dock trials. As the CRYSTAL HARMONY undocked early it was decided to dock the GOLDEN GATE on May 30 and continue with the undocking on June 8 with the ship proceeding directly to sea.

Upon docking and initial underwater body inspection, it was found that there were large areas of paint system failure. This forced a re-examination of the specified paint repairs and resulted in discussions between the owner furnished paint supplier (Jotun) and the owners to which Southwest Marine was not made privy. Southwest Marine proceeded with the work while the discussions took place to the extent possible. This however forced the planned work schedule to change dramatically and brought all painting to a halt on May 31 awaiting a decision on how to proceed. The paint department lost one full day of production as a result. When Keystone and John reached a decision and authorized the modification, the scope of the work increased significantly from a full hydro blast and a spot blast of 15% of the hull to a full sand sweep of 79000 square feet. Additionally the application of paint changed from (2) spot coats of anti-corrosive and (2) full coats of anti-fouling to (2) full coats of anti-corrosive and (2) full coats of anti-fouling. The blasting and painting added 3 full days to the docking schedule as a 16 hour drying time for each coat was mandated. It is common practice to modify drying time between coats based on humidity and temperature conditions. The weather conditions during this time were extremely favorable to paint operations and the drying time could have been reduced significantly.

It was also decided by Keystone at this time to add a requirement to sand sweep and coat, as described above, the 8 ft area of the entire hull between the deep load line and light load line. This further added to the delay but nevertheless was accomplished in a rapid manner.

June 28, 1991
MEMORANDUM EXPLANATION OF THE DELAYED DELIVERY OF THE
KEYSTONE GOLDEN GATE
Page 9

Upon hydro testing the aft main sea suction 22" butterfly valve, it was decided to remove the valve from the ship for repairs. A modification was issued on June 5 to remove and repair. After attempting to repair and hydro in the shop it was realized that the best fix, short of buying a new valve and facing a 4 week delay in delivery, would be to reverse the seat and gear operator and reinstall the valve. This was done with a successful shop hydro test and the valve was reinstalled in the ship. The Port Engineer did not like this solution and directed that the valve be returned to the shop and reassembled as original. Although the valve did not pass a shop hydro it was reinstalled in the ship. Upon failure of the valve in the shipboard hydro the Port Engineer redirected Southwest Marine to remove the valve and reverse the gear operator and seats once again. This was done and the valve was reinstalled with a successful hydro. The final installation took place after the GOLDEN GATE had been re-floated and was in wet berth.

## I. Forced Draft Blower

The original specification for this item provided for owner furnished bearings which was changed to contractor furnished bearings. This equipment required S.K.F. bearings. S.K.F. bearings were not immediately available so Consolidated bearings were purchased and installed. The Chief Engineer requested that Consolidated bearings be removed and S.K.F. be put in, and Port Engineer agreed. This evolution delayed full light off for 7 days. Job completed on June 13. Three of the seven days were caused by indecision on the Port Engineer's part. This is a SWM problem due to the fact that the Port Engineer was not notified of the substitution prior to installation.

## J. Other Significant Delays

- A. #3 Main Cargo Pump Seal started June 21, completed June 23.
- B. Main Condensate Pump started June 23, completed June 24.

A DIVISION OF SOUTHWEST MARINE, INC.

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bidg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600

bc: Bill Zavin



June 5, 1991

Mr. A. B. Kurz Keystone Shipping Company 313 Chestnut Street Philadelphia, PA 19106

As you are probably aware, Mitch Koslow and I talked last Friday regarding resolution of the KEYSTONE CANYON issues. Mitch advised that the middle of July would be the earliest that discussions could be held to resolve and settle the outstanding issues. While this is much later than we would like, we are prepared to wait until you have had proper opportunity to review Northwest Marine's positions. I would suggest that we agree on dates, and location, to hold the meeting so that we can have our people available and to establish some firm target for completion of the preparation process.

I also requested that Mitch consider payment of some additional sums to Northwest Marine. We have provided cost information to Keystone and, while we recognize that Keystone's position is that the KEYSTONE CANYON project was not a cost reimbursement program, the difference between what has been paid to Northwest Marine and what our final costs are is substantial (in excess of 8 million dollars). This payment shortfall is not only costly to us, but it is having a significant impact on our ability to finance on-going work.

I believe that all concerned will agree that Northwest Marine made an all out effort to complete the KEYSTONE CANYON project at the earliest possible date. We did not impede the progress of the job because of disputed issues, but went forward with the belief that these issues would be satisfactorily resolved later.

I would ask that you please review your positions, establish some preliminary values and agree to provisionally pay to Northwest Marine sums representative of your positions.

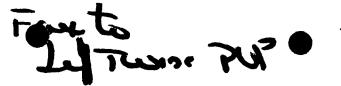
Thank you for your consideration of this matter, and I look forward to hearing from you to discuss these issues and to schedule discussion dates.

Very truly yours,

William M. Johnston Senior Vice President and General Manager

c: Art Engel

CABLE ADDRESS



TELEPHONE 215-928-2800 TWX 710-670-7649 TELEX (WU) 84-5327 TELEFAX 215-928-2825

## KEYSTONE SHIPPING CO.

313 CHESTNUT STREET PHILADELPHIA, PENNSYLVANIA 19106

December 6, 1990

NORTHWEST MARINE, INC. 5555 North Channel Avenue Building #2 Portland, OR 97217

Attention: Mr. Bob Gavin

Gentlemen:

## SS KEYSTONE CANYON - O. N. 586 129

We confirm our telephone conversation with Mr. Bob Gavin wherein we advised that the drydock work for emergency bottom steel repairs has been awarded to your yard.

It is anticipated that the vessel will arrive at your yard, clean and gas free, ready for repairs to commence prior to December 24, 1990. We will keep you advised of the vessel's lightering operation and tank cleaning progress so that exact arrival date can be determined as soon as possible.

Mr. R. K. Burke has been designated as our repair superintendent and has full authority to settle all repair costs. No work is to be undertaken without his specific approval.

Based on our telephone conversation, we understand that the vessel will be received into your shippard proper on arrival and will remain there until all repairs are completed.

This contract is granted on condition that Contractor waives any maritime or other lien it may have with respect to work performed under this contract and agrees to indemnify and hold harmless shipowners from and against all claims by any person for work performed or materials or services furnished in connection with this contract, together with all fees and expenses incidental thereto.

Northwest Marine, Inc. December 6, 1990 Page 2

Upon completion of the job, kindly let us have ten (10) copies of your invoice, made out to:

SS KEYSTONE CANYON AND/OR OWNERS Keystone Shipping Co., Agent 313 Chestnut Street Philadelphia, PA 19106

Very truly yours,

KEYSTONE SHIPPING CO., Agent

G. A. Clark,

Vice President Operations

/kn1

i n

Anner:

Bill Call my al Dron to Beview?
780-2338

We see arrival of the Keystone Canyon at the Portland dry dock. As she is berthed we see various views of her. In this brief sequence we see lanyards being casts, tugs nudging the KC into dock. However the marrator set the tone for the piece by stating:

IT WOULD APPEAR TO BE A ROUTINE DOCKING.
BUT IN A FEW WEEKS, THE 165,000

DEAD WEIGHT TON. KEYSTONE CANYON WOULD

LEAVE PORT 40,000 DWT LIGHTER. AND 50'

6" SHORTER. IT WOULD BE A FIRST OF ITS

KIND PROCEDURE BROUGHT ABOUT IN ONLY

80 DAYS BY THE EXPERT TEAMS OF MEN

AND WOMEN AT NORTHWEST MARINE.

We septe to a series of shot showing NWMI crews surveying the deck, hoisting equipment aboard; in general exceparing the KC for down sizing.

Annor: KEYSTONE SHIPPING AND BRITISH PETROLEUM
NEEDED TO DOWN-SIZE THE EIGHT YEAR OLD
TANKER TO ALLOW IT TO CALL ON MORE
PORTS. LIGHTERING THE HUGE TANKER
COST THE FIRM MILLIONS OF DOLLARS
EACH YEAR.

Annor:

3

We dissolve to see workmen beginning to set up scaffolding, cut piping, electrical conduit, tanks, both on deck and below it.

NORTHWEST MARINE HAD THE COMPETITIVE

EDGE. THEY SPENT NEARLY A YEAR OF

PLANNING FOR JUST SUCH A PROJECT. ITS

STEEL FABRICATION AND PIPING

CAPABILITIES WERE KNOWN WORLD WIDE AND

THE MANAGEMENT TEAMS WERE ALREADY IN

PLACE. NORTHWEST MARINE WAS

THE SUCCESSFUL OFFERER OF THE PROJECT

WHICH SAW COMPETITORS BID THE WORK ON

ALL THREE U.S. COASTS AND ASIA. SOME

EXPERTS DOUBTED WHETHER THE JOB COULD BE

DONE AT ALL. BUT NORTHWEST MARINE

PLANNED THE JOB COULD BE DONE IN 80

DAYS. AND THE KEYSTONE CANYON NEEDED TO

GUICKLY RETURN TO SERVICE.

Armer:

We next see a scene which shows NWMI management (supervisors/ executive management together) discussing the marine engineering and planning which will go into the KC project.

CUTTING A VESSEL OF THIS SIZE IN TWO REQUIRES IMMENSE RESOURCES. OUR ENGINEERS. STRUCTURAL STEEL. PIPING AND ELECTRICAL WORKERS WERE ESSENTIAL TO THE COMPLETION OF THE TASK.

THE SHIP OWNERS LOOKED AT A BALANCE OF MANAGEMENT SKILLS. TRACK RECORD.

PERSONNEL AND FACILITY RESOURCES AVAILABLE TO THEM.

BEFORE THE FIRST CUT WAS MADE.

EVERYTHING HAD TO BE IN PLACE.

As this video shows general scenes of work aboard the KC. the narrator continues.

Annor: FOR THIS IMPORTANT JOB OVER 400 SKILLED
CRAFTSMEN WOULD BE WORKING AROUND THE
CLOCK. AMONG THEM WERE SKILLED MARINE
ENGINEERS, PIPE FITTERS, BOILER MAKERS,
WELDERS, PAINTERS, METAL WORKERS,
LABORERS AND MACHINISTS,
ELECTRICIANS, CARPENTERS, AND RIGGERS.

Armer:

5

We see pipe fitters carefully begin the task of cutting the deck piping. Working below decks reveals the crews working in close cuarters. We would see workers on scaffolds cutting bulk heads

IMMEDIATELY AFTER DOCKING ON AUGUST 4.

DECK CREWS BEGAN REMOVING PIPING. BELOW
DECK OTHER TEAMS BEGAN THE TASK OF
ERECTING SCAFFOLDING AND REMOVING SEA
CHESTS. ELECTRICIANS BEGAN REMOVING THE
ELECTRONIC CONTROLS. SENSORS AND PUMP
MOTORS.

We see team leaders and workmen together planning and performing modifications and replacements of piping and electronic equipment.

Annor: THE CREWS OF NORTHWEST MARINE WORKED AS
A TEAM MAKING THE CRITICAL
MODIFICATIONS. PRIDE IN THEIR WORK WAS
EVIDENT IN EVERY CUT. EVERY WELD. AND
EVERY FITTING.

We go further into the ship to see the engineers sighting with their laser transits. Scenes show sparks from the torches shower down the hull. We also see the tanks. A series of shots dissolve into themselves showing the viewer both the engineering skills and time this task required.

Annon: THE ENGINEERING CHALLENGE OF OPENING THE
HULL. REMOVING A 50' SECTION. FLOATING
IT OUT OF DRYDOCK. AND RETURNING THE BOW
SECTION WAS MADE EVEN MORE CHALLENGING
WITH OUR AGGRESIVE SCHEDULE. IT WOULD
HAVE TO BE DONE RIGHT THE FIRST TIME.

Annon:

We dissolve to the schematic of the "before and after" illustrations of the KC showing the repositioning of the cargo/ballast tanks.

TO ENSURE THE SHIP'S STABILITY AFTER
RESIZING. CARGO AND BALLAST TANKS
WERE INTERCHANGED. THIS ILLUSTRATION
SHOWS THAT PIPING AND STRUCTUAL
MODIFICATIONS TO THE CENTER CARGO TANKS
WERE NECESSARY TO ALLOW THE TEN WING
TANKS TO BE COMPLETELY MODIFIED.
WING BALLAST TANKS BECAME WING CARGO
TANKS AND WING CARGO TANKS BECAME

We see sections of the tank being removed by chane swung up and out of the hold.

WING BALLAST.

Annor: BY THE SECOND WEEK, NWM CREWS HAD

MADE SUBSTANTIAL PROGRESS REMOVING A

INTERFERENCES IN PROEPARATION TO CUT

THE NUMBER THREE TANK.

7

We see a long slow pan of the deck, workers walk about the deck with tools. We do slow dissolves o build tension and help establish the ship's size.

Annor: ON AUGUST 22, THE TEAMS LIT THEIR

CUTTING TORCHES, AND BEGAN MAKING

THE EXACTING FINAL CUT IN THE HULL'S

EXTERIOR. TEAMS ON EITHER SIDE OF THE

CUT WERE IN CONSTANT COMMUNICATION. THE

CUTS IN THE DECK AND HULL WERE COMPLETED

ON THE 29TH...AND WHAT WAS ABOUT TO

HAPPEN NEXT WAS MARITIME HISTORY.

We reveal the ship's immense size by showing a long pen down the side as seen from the wing wall. Next a series of close ups show the cut marks being calculated along the hull.

Annor: THE ESSENCE OF MARINE REPAIR IS A
COMPANY'S ABILITY TO HANDLE STRUCTURAL
STEEL MODIFICATION. CUTTING APART AN
OCEAN GOING TANKER REQUIRED NUM TO HAVE
A CLEAR PLAN WHICH IN NO WAY WOULD

COMPROMISE THE SHIP'S STRENGTH.

We dissolve to the time lapse sequence. In two views in both dark and light views.

Music highlights time lapse photography:

Anner:

2

We see the deck craws carefully sighting and aligning the bow section of the K.C. We see wide shots, close ups and shots of the transit or laser systems.

PERHAPS THE MOST CRITICAL PROCEDURE

WAS RE-JOINING THE BOW. THE BOW SECTION

HAD TO BE CAREFULLY NUDGED BACK ONTO THE

DOCK. CREWS ALIGNED THE TWO SECTIONS

AIDED BY TRANSITS AND TARGETS. LEVELING

THE SHIP REQUIRED EXACTING CALIBRATIONS.

LESS THAN 1/4" DEVIATION WAS ALLOWED

IN INITIAL ALIGNMENT.

We continue the scenes with slo-mo shots of welders We see a pipe fitter checking the welds of piping de deep in below deck. We see the supervisors carefully analyzing the X-Rays.

Annor: TO ENSURE THE SHIPS STRUCTURAL

INTEGRITY. NUM 100% X-RAYED EVERY WELD

THE X-RAYS REVEALED THAT OVER 97%

OF THE ORIGINIAL WELD WERE ERROR FREE,

REQUIRING MINIMUM RE-WELD.

We see pipefitters below deck walking in pipe, connecting fittings, etc.,

Annon: PIPE FITTERS REROUTED 15,000 FEET OF
PIFING, INCLUDING INERT GAS, CARGO,
BALLAST AND HYDRAULIC CONTROL LINES.

We see onews resurfacing the tanks.

... AND PAINTERS RESURFACED OVER A MILLION FEET OF THE SHIP'S HULL AND CARGO TANKS. THE CARGO TANKS WERE BLASTED AND COATED SO THEY COULD BECOME BALLAST TANKS.

We see valve assemblies being set in place. Sluice gate valves, intercornect piping, venting, and pump room modifications are seen in a montage of shots (normal speed & alo-mo)

EVERY VALVE FROM THE CARGO AND BALLAST TANKS WERE REMOVED. REWORKED. THEN REINSTALLED.

We see electricians installing the new cargo control counsel.

Annon: THE CARGO CONTROL CONSOLE WAS MODIFIED AND RE-INSTALLED.

Crews perform close tolerance work on electrical components (sensors.) irrert gas lines, hand painting small areas, etc. The viewer sees the attention to detail to which the crews pays to their job.

Annor: EACH AND EVERY MEMBER OF THE TEAM TOOK

EXTRA EFFORT TO GET THE JOB DONE. THEY

ALL KNEW THEIR RESPONSIBILITY AND IT

SHOWED IN THE QUALITY OF WORK THEY

PERFORMED.

Annon:

10

We see inspection by Coast Guard, ABS. etc.

WHEN IT CAME TIME FOR INSPECTION. EACH SYSTEM WAS PUT THROUGH CERTIFICATION PROCEDURES. PRESSURE TESTING, LINE LOADS, X-RAYS ALL REVEALED THAT WORK PERFORMED ON THE KEYSTONE CANYON MET OR EXCEEDED OPERATING EXPECTATIONS. FROM THE SMALLEST SENSOR TO THE MOST MASSIVE SEA CHEST. SYSTEMS FUNCTIONED

We dissolve to a high shot of the deck, the camera slowly pans down the deck back to the stern. We segue to helicopter fly bys of the KC as she heads down river.

AS REQUIRED.

Anner:

DOWN SIZING A MASSIVE TANKER LIKE THE

KEYSTONE CANYON WAS AN UNDERTAKING

FEW SHIPYARDS COULD PERFORM. IT IS

A TRIBUTE TO THE MARINE ENGINEERING

SKILLS OF NORTHWEST MARINE THAT SUCH

A JOB WAS PERFORMED ON TIME. ON BUDGET

AND WITH A HIGH DEGREE OF PROFICIENCY.

IN THE FUTURE THERE WILL BE MORE.

'CAPACITY REDUCTIONS' BUT NONE

WILL BE AS HISTORIC AS WAS THE KEYSTONE

CANYON. LITERALLY AGAINST ALL ODOS.

NORTHWEST MARINE MADE MARITIME HISTORY.

September 28, 1990

Mr. W. M. Johnston Vice President and General Manager North West Marine, Inc. 5555 N. Channel Avenue Portland. OR 97217

FAX TO: 503-240-6600

# SS KEYSTONE CANYON DRYDOCK AND GENERAL REPAIR SPECIFICATIONS

Dear Mr. Johnston:

With this letter we wish to bring to your attention our general dissatisfaction with the status of several items within the above captioned subject and, more specifically, several deficiencies noted within our contract obligations relating to capacity reduction.

As it relates to the former, we wish to go on the record that we presently anticipate delays to the vessel which are above and beyond contract stipulations. We refer to Mr. Cutrona's letter of September 16, 1990 addressed to Mr. Gavin, and reiterate his displeasure with quality assurance, not only as it relates to the internal tank linings, the Drydock and General Repair Specification, but overall attention to the capacity reduction project.

Specifically, we bring to your attention the following:

Although you had assured us,

- 1) that Mr. Eckloff would oversee this project, you subsequently assigned him to other projects requiring his absence for meetings in Europe during critical operations.
- 2) that future passenger ship business would not impact on our overall schedule, you have interrupted our drydocking to accommodate passenger ship WESTERDAM.

The latter not only affects interior and exterior coatings, but is totally inconsistent with our contract and the welding procedures established.

We wish to go on record that this was accomplished at your sole direction and that any influence which this may have on the total quality of repairs and alterations is strictly your responsibility.

Mr. W. M. Johnston Vice President and General Manager North West Marine, Inc. September 28, 1990 Page - 2

We remain available and, in fact, strongly suggest that future decisions on your part be brought to our direct attention.

Very truly yours,

KEYSTONE SHIPPING CO., Agent

G. A. Clark Vice President - Operations

GAC: smt

, **=**.

cc: Mr. Richard M. Whiteside BP Oil Company Summer and Fall have seen an unusual event occur in Portland. Many ship operators are enhancing their revenue generating capability by adding cargo carrying capacity to their vessels by adding midbodies. Portland, however, has been witness to the first ever move in the opposite direction. Keystone Shipping's very large crude carrier, "KEYSTONE CANYON", has been at Northwest Marine for a reduction in cargo capacity. Hopefully this first time ever project will be the first of more to come.

A complete fifty foot section was removed from the center of the ship. This excision reduced the number of barrels of oil the vessel could carry from 1.2 million to 900 thousand barrels. This reduction in capacity allows the vessel to trade in ports where she had not been previously permitted to accept or discharge crude oil. A ship can only pay for itself through its ability to transport cargo. In this case the ship's revenue generating capability has been increased by the same undertaking which has reduced its cargo carrying capacity. This too is probably a first.

The project, which was priced in excess of \$10 million, comes from an old friend to the Portland Shipyards, Keystone Shipping of Philadelphia. The "KEYSTONE CANYON" has been here many times before as have been many other ships flying the Keystone flag. The project's ultimate financial sponsor and Keystone's customer, B.P. Oil, Inc. of Cleveland, has been an active participant in the project. B.P. Oil is the major player in the Prudhoe Bay/Aleyaska/Valdez crude oil industry. It is their oil which is destined to be transported into the new ports now available to Keystone Canyon.

But what of our old friend, the 50 foot center section of the "KEYSTONE CANYON"?

Keep your eyes peeled for her return to the shipyard as a work barge at Northwest

Marine. No innovation has been spared on this project.

This technically demanding event is not the first first for our shipyard. Many other innovative projects have preceded this one and many other firsts will follow. At its peak this project required in excess of 450 shipyard workers and fully utilized the capacity of drydock number 4. This facility demonstrated flexibility enough for this type of work to run concurrent with a major Navy modernization, other large cargo carrying vessel projects and major cruise ship maintenance availabilities.

My absolute deadline for a Northwest Marine KEYSTONE CANYON capacity reduction story for the October PORTSIDE is Wednesday, September 26. I can't delay beyond that point and meet my deadline, so I hope you can provide me with the 2-page in-depth piece that only you can produce. Otherwise, I'll put together a shorter piece with my highlights taken out of the enclosed Daily Journal and Shipping News story and caption. I believe Bob Gavin is trying to get me cleared so I can use one of Hugh's better shots. I've looked at the color proofs and nothing jumped out at me for a PORTSIDE cover (it is and was intended to be a technical shoot) but Hugh is confident there are several good views to illustrate the story.

Being the unofficial Port historian, I thought you would get a kick out of the CORNUCOPIA (capacity reduction) story enclosed from the Dec. 1977 PORTSIDE. Also, the story below it is the MATANUSKA jumboizing by WISCO.

You did a very nice job at the Prop. Club today. I'll make sure I cover you in my PORTSIDE RRF piece. Few guys present as well as you. But don't feel you have to run for public office.

Best,

Dick Montgomery

P.03/03

VEKOV PETEROPTEK 290 , 0- 3-90;11:00 AM; 2109282800 7 3-90 FRI 14:59 KEYSHIPCO 215-928-2876

## PRESS RELEASE

NORTHWEST MARINE, INC. of Portland, Oregon have been awarded a contract by Keystone Shipping Co. of Philadelphia to reduce the capacity of the tanker, "KEYSTONE CANYON".

The "KEYSTONE CANYON" is currently 276.15 meters in length with a deadweight of 165,000 tons. When the "capacity reduction" is complete, the vessel will be 260.9 meters in length with a deadweight of 125,000 tons. The reduction is intended to improve the vessel's cargo distribution flexibility.

The contract will commence 4th August 1990 and be completed 1st October 1990.

#### MEETING NOTES

DATE:

May 30, 1990

LOCATION: NWM

SUBJECT: S/S KEYSTONE CANYON Capacity Reduction

NWM Job #4874

#### ATTENDEES

Frank Jacobanis Dick Whiteside Jerry Hottel Bill Johnston Jim Coleman George Riddle Greg Lind Bob Gavin

Keystone Shipping Company (KSC)
BP Oil Company (BP)

BP Oil Company (BP) Northwest Marine, Inc. (NWM)

Northwest Marine, Inc. (NWM) Northwest Marine, Inc. (NWM) Northwest Marine, Inc. (NWM) Northwest Marine, Inc. (NWM)

- 1) Frank Jacobanis brought up the contractual issue of payment terms. The amount and duration of contract price withholding for guarantee purposes needs to be resolved. Frank Jacobanis and Bill Johnston will work out details, KSC will revise contract and submit to NWM for review.
- Frank Jacobanis brought up the issue of Owner's turn-around time for drawing review. It was agreed 48 hours would be 2) the target time.
- To help KSC/BP plan for drawing review they requested a 3) drawing submittal schedule. Bob Gavin will provide this information.
- 4) Drawing submittal procedure will be as follows:
  - Official submittals to J.J. McMullen Associates, Inc. a) (JJMA).
  - Copy of submittals, with enclosures, to Frank Jacobanis b) (KSC).
  - Copy of submittals, with enclosures, to Jerry Hottel C) (BP).
  - All owner/operator comments and/or approvals will submitted to NWM by JJMA.
- 5) Jerry Hottel said the conversion price will have to be adjusted to reflect the deletion of Bhd 63. George Riddle to review.
- 6) Tank coatings were discussed. Jerry Hottel said all interior tank coatings located below waterline must be accomplished in drydock.

S/S KEYSTONE CANYON MEETING MINUTES May 30, 1990 Page two (2)

7) New ballast tanks 1 P/S, 3 P/S and 5 P/S will be coated. Surface preparation will be near-white grit blast.

Coating of tank bottoms is questionable since some tanks were coated about 3 years ago. Final determination will be made upon inspection of tanks when cleaned and gas free. For planning purposes, include bottoms.

Jerry Hottel needs some pricing information in order to determine credits if some tank coating is deleted from work scope. George Riddle to review.

NWM asked what coatings do we use. Jerry Hottel said the Ameron Product NWM submitted was approved for us where blasting to near-white. When repairing existing coatings, it must be compatible with the existing International Paint Inter-Gard System.

- 8) KSC/BP requested resumes on our proposed engineering subcontractors. They are:
  - a) Morris Guralnick Assoc, Inc. Primary Engineering
  - b) Edwin Phillips Assoc, Inc. Cutting and Joining Procedure
  - c) H.T. McVey and Assoc. Expedite Regulatory Body Approvals
  - d) Berini Associates, Inc. Optical Alignment Bob Gavin to provide information.
- 9) Dick Whiteside expressed concern about Port of Portland's drydock capabilities to support this program. KSC/BP wants to be assured of Port's capabilities.

NWM and Ed Phillips will work with Port to produce sufficient information to satisfy KSC/BP's concerns. Bob Gavin will coordinate this activity.

- 10) Frank Jacobanis gave verbal authorization for NWM to proceed with engineering and planning based on NWM's 5/17/90 proposal. The cost for this effort is not to exceed \$250,000.00. KSC will confirm this by letter.
- 11) Vessel E.T.A. at shipyard was discussed. \ Dick Whiteside checked with operations and last discharge is scheduled for Long Beach, California 7/24/90. E.T.A. shipyard is 8/3/90.
- 12) Reuse of existing piping for conversion was questioned. KSC/BP will arrange to have existing piping U.T.'d to determine condition.

S/S KEYSTONE CANYON MEETING MINUTES May 30, 1990 Page three (3)

13) Discussions about material involved long lead items and Owner Furnished items. NWM is to identify long lead items ASAP and bring to KSC/BP's attention.

BP has valves warehoused in Portland. They are 16", 14", 12" and 10" butterfly valves. NWM is to determine what quantities of each are required for conversion. BP will furnish as many as possible.

Jerry Hottel asked for unit prices on the above size valves

Jerry Hottel asked for unit prices on the above size valves (without operators) to be used for determining credit to contract price for Owner furnished valves. George Riddle to review.

14) Bob Gavin asked what the line of communication would be between NWM and KSC/BP during this project. Frank Jacobanis said it would be as follows.

Keystone would have an Owner's Representative on-site who will be the point of contact for contractual matters. All direction from Owners will be handled through this person. Jerry Hottel will be responsible for the Capacity Reduction and associated work and will report to the Owner's Representative. KSC will also have a person responsible for M & R Items reporting to the Owner's Representative.

During the engineering phase, verbal questions can be directed to Jerry Hottel, who in turn will keep Frank Jacobanis informed. NWM is to copy Frank Jacobanis with written correspondence to BP.

Jerry Hottel asked if Bob Gavin would be point of contact for NWM? Yes.

١

A DIVISION OF SOUTHWEST MARINE, INC.

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



June 13, 1990

American Bureau of Shipping 45 Eisenhower Drive P.O. Box 910 Paramus, NJ 07653-0910

Attention: Mr. Philip Rynn, Ch. Engr., Ships Structures

Subject: S.S. Keystone Canyon Capacity Reduction

Reference: a) Your 5/18/90 Meeting at ABS, Paramus with Bruce Moyer

(Northwest Marine, Inc.)

Dear Mr. Rynn:

Enclosed for your review and comments is our proposed list of drawings required for the 165,000 DWT class tanker capacity reduction project. We have indicated submittal dates and to whom each drawing will be submitted for approval action. Our assumption is NVC 10-82 will be made applicable to this project. Enclosure 2) is for your information.

The regulatory body submittal information is based on the procedures noted in NVC 10-82. You will see a column marked NVIC10-82 Level on our schedule. The number in this column refers to the paragraph number of the NVIC which determines the agency that will do the plan review.

Since we are working to a tight engineering schedule, your earliest review of enclosure 1) will be very much appreciated.

Robert L. Gavin Project Manager

Enclosure:

 NWM Drawing Schedule (Preliminary) for Keystone Canyon Capacity Reduction Program

2) NWM Ltr to OCMI-USCG, Portland, OR Dated 6/12/90

cc:

L. Pendexter, ABS (Portland, OR)

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON



P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bidg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



June 12, 1990

Mr. Frank W. Jacobanis Keystone Shipping Co. 313 Chestnut Street Philadelphia, PA 19106

Subject: S.S. Keystone Canyon Capacity Reduction

Dear Frank,

Enclosed for your review and comments is our proposed list of drawings required for this project. We have indicated submittal dates and to whom each drawing will be submitted for approval action.

The regulatory body submittal information is based on the procedures noted in NVC 10-82. You will see a column marked NVIC10-82 Level on our schedule. The number in this column refers to the paragraph number of the NVIC which determines the agency that will do the plan review.

I'm making simultaneous submittal of this drawing schedule to BP, ABS and USCG for their comments.

Your comments will be appreciated.

Sincerely

Robert L. Gavin Project Manager

Enclosure: NWM Drawing Schedule (Preliminary) for Keystone Canyon Capacity

Reduction Program

SOUTHWEST MARINE DIVISIONS: SAN DIEGO • SAN PEDRO • SAN FRANCISCO • SAMOA • NORTHWEST MARINE, PORTLAND, OREGON

P.O. Box 3109 • Portland • Oregon • 97208 • 5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 (503) 285-7557 • TWX: 910-464-6107 NORMARINE PTL • FAX: (503) 240-6600



June 12, 1990

OCMI

United States Coast Guard 6767 N. Basin Avenue Portland, OR 97212-3992

Attention:

Commander W.L. Loveland

Chief, Inspection Department

Subject:

S.S. Keystone Canyon

165,000 DWT Class Tanker Capacity Reduction

References:

- a) JJMA Ltr EX-3958M-6181 to USCG Dated 1/11/90
- b) JJMA Ltr EX-8958M-6189 to USCG Dated 1/17/90
- c) USCG Ltr 16703 33/157.19 to JJMA Dated 2/9/90
- d) USCG Ltr 16710/ASI 2298-98 Serial MCH2-00056 to JJMA Dated 2/15/90
- e) JJMA Ltr EX-8958M-6229 to USCG Dated 3/2/90
- f) USCG Ltr 16711 to JJMA Dated 3/8/90
- g) JJMA Ltr 8958M/6280 to ABS Dated 4/5/90

### Gentlemen:

On May 25, 1990 we received a letter from Keystone Shipping Company confirming their intent to award us the contract for the capacity reduction modifications and general repairs of the S.S Keystone Canyon. On June 6, 1990 we received authorization to proceed with the engineering and preparation of working drawings necessary to support the capacity reduction program. We have retained Morris Guralnick Associates, Inc. of San Francisco, CA to assist us with the engineering effort.

We planned to submit a request to your office requesting NVC 10-82 be made applicable to this program. However, after review of prior correspondence, reference a) through g), we've concluded USCG has already authorized ABS to act in their behalf, in part, for plan review and inspection of the capacity reduction modifications.

Therefore, it's our intent to submit engineering data and drawings for approval by USCG and ABS in accordance with the procedures outlined in NVC 10-82. We would appreciate confirmation from your office our understanding of this issue is correct.

SOUTHWEST MARINE DIVISIONS: SAN DIEGO + SAN PEDRO + SAN FRANCISCO + SAMOA + NORTHWEST MARINE, PORTLAND, OREGON

CORPORATE HEADQUARTERS

Foot of Sampson Street • P.O. Box 13308 • San Diego • California • 92113-0308 • (619) 238-1000 • TWX: 910-335-1167 SWM SDG • FAX: (619) 238-0934

OCMI United States Coast Guard June 12, 1990 Page two

If we've misinterpreted the intent of your former correspondence to BP Oil Company and their engineering consultant, and it is required we make a formal request, please consider this letter our petition to have NVC 10-82's plan approval and inspection procedures made applicable to the capacity reduction project. For your convenience in reviewing our request, we have enclosed copies of reference a) through g).

For your general information, the present schedule for accomplishing the capacity reduction of the S.S. Keystone Canyon is:

Enclosure 2), our proposed drawing schedule, is also included for your review and comments. We've indicated on this schedule which plans we will be submitting for regulatory body approval and to whom the submittal will be directed. This is based on our interpretation of the procedures outlined in NVC 10-82. Here again, we would appreciate confirmation from your office our understanding is correct, and, if we've included all plans required for review by USCG and ABS.

Since we are working to a tight schedule for the capacity reduction engineering effort, your earliest response to this letter will be very much appreciated. We look forward to working with your office on this unique program and thank you for your prompt attention to this matter.

If you have any questions, please contact the undersigned at (503)285-7557, extension 207.

MUIL L

Robert L. Gavin Project Manager

Enclosures:

- 1) One copy each Reference a) through g)
- 2) NWM's Keystone Canyon Drawing Schedule Dated 6/6/90 (Preliminary)

cc:

- L. Pendexter, ABS, Portland, OR (with all enclosures)
- J.M. Russen, ABS, Paramus, NJ (with enclosure 2)
- F. Jacobanis, Keystone Shipping Co. (w/o enclosures)
- J. Hottel, BP Oil Company (w/o enclosures)
- L. Stanton, M. Guralnick, San Francisco, CA (w/o enclosures)

JOHN J. McMullen Associates, Inc.

GRK, ALL, MdL MK, FMcG. 1200

REF 2

One World Trade Center Suite 3000

Telephone: 212/466-2200

New York, New York 10048-0383



(send aig. reg.)

NAVAL ARCHITECTS/MARINE ENGINEERS/TRANSPORTATION CONSULTANTS • NEW YORK, N.Y (ARLINGTON, VA.)NEWPORT NEWS, VA./VENTURA, CA. BATH, ME.,PASCAGOULA, MS.

IN REPLY REFER TO: EX-3958M-6181

January 11, 1990

U.S. Coast Guard Headquarters Commandant Merchant Vessel Inspection and Documentation Division 2100 Second Street, S.W. Washington, DC 20593-0001

Subject:

Capacity Reduction of BP 164000 DWT Class Tankers

Conversion Classification

References:

- (a) JJMA letter EX-8958M-6093 to USCG (MSC) dated 27 October 1989
- (b) MSC (Tweedie) internal memorandum to Commandant (G-MVI) dated 9 November 1989
- (c) JJMA letter EX-8958M-6157 to USCG (G-MVI) dated 18 December 1989

#### Gentlemen:

Via Reference (a), we submitted a description of the subject project and requested approval of the No. 5C cargo tank length (percentage of LBP) after shortening of the vessel. This letter was forwarded by MSC to MVI via reference (b) and additional information in support of our request was forwarded via Reference (c). This matter is now under your consideration and we are awaiting a reply.

This letter is for the purpose of addressing the matter of the classification USCG will assign to the overall project. We have submitted a preliminary design package to ABS for their review and requested that they also review the data relative to USCG regulations, to the extent that they are so empowered under existing agreements. ABS has replied that the extent to which they may accomplish such reviews depends on whether or not the vessel is classified as a major conversion by USCG.

CABLE ADDRESS, MACDES GN TELEX: TRT 177175 MED 640638 MUN66103



Page 2 EX-8958M-6181

We discussed this matter informally with your Lt. Commander Cummings in April of 1989 when the project was only conceptually defined and now request, based on descriptions provided in Reference (a) and (c), your formal advice as to the classification of these modifications. Should you require additional information, please contact the undersigned at 212-466-2393.

As previously indicated, the preliminary design package for this modification is currently at ABS and the detailed design by the selected shipyard is scheduled to start at the end of February. We would therefore request your prompt attention to this matter. Advance response by telecopier would be greatly appreciated. Our fax number is 212-466-2282.

Very truly yours,

JOHN J. McMULLEN ASSOCIATES, INC.

Jim W. Bordeaux

Vice President and Manager

New York Operations

JWB:jcg

cc: BP Oil Co.

JOHN J. McMULLEN ASSOCIATES, INC.



One World Trade Center **Suite 3000** New York, New York 10048-0383

Telephone: 212/466-2200

NAVAL ARCHITECTS/MARINE ENGINEERS/TRANSPORTATION CONSULTANTS • NEW YORK, N.Y. (ARLINGTON, VALNEWPORT NEWS, VA MENTURA, CA BATH ME PASCAGOULA, MS

> IN REPLY REFER TO: EX-8958M-6189

January 17, 1990

## Via Federal Express

U.S. Coast Guard Marine Safety Center 400 7th Street, S.W. Washington, DC 20590

Subject:

S/T ATIGUN PASS, KEYSTONE CANYON, BROOKS RANGE,

THOMPSON PASS - CAPACITY REDUCTION

Enclosure:

- (1)Dwg. 01-03-01(S) (RC), General Arrgt, Outboard Profile
- Dwg. 01-03-02(S) (RC), General Arrgt, Inboard Profile (2)
- (3) Dwg. 01-03-03(S) (RC), General Arrgt, Hold, Fwd
- (4)
- (5)
- (6)
- Dwg. 01-03-04(S) (RC), General Arrgt, Upper Deck
  Dwg. 01-03-032(S) (RC), General Arrgt, Hold, Aft
  Dwg. 48-01-20(RC), Diagram Segregated Ballast System
  Dwg. 48-05-30(S) (RC), Diagram Cargo Oil Tank Cleaning
  Dwg. 48-17-10(S) (RC), Diagram Cargo Oil System (7)
- (8)
- (9) Dwg. 48-17-20 (RC), Diagram Inert Gas and Cargo Tank Venting System
- Dwg. 8958-S-1, Scantlings for Swash Bhd Conversion to Oiltight Bhd at Fr 63 (10)
- (11)Dwg. No. 48-00-10(S), Piping Material Schedule
- (12)BP 165,000 DWT Class Tankers, Specification for Modifications Required for Capacity Reduction to 125,000 DWT and Compliance with Current Segregated
- **Ballast Reductions** (13)Preliminary Trim and Stability Calculations and IMO
- Requirements (14)Calculations to Demonstrate Adequacy of Transverse Structure in Tank 3C
- (15)Calculations for Conversion of Swash Bulkhead at Frame 63 to Oiltight Bulkhead



EX-8958M-6189 January 17, 1990 Page - two -

#### Gentlemen:

Enclosures (1) - (15) describe modifications intended for the subject vessels to suit a reduction in capacity to 125000 DWT, to allow operation in Puget Sound (33 CFR 161.143) and to comply with current segregated ballast regulations. These enclosures are submitted for your approval action.

This project has been discussed with Captain Tweedie of the MSC and we understand that some communication between MSC and ABS regarding areas which ABS will be empowered to approve on USCG's behalf have occurred. A contract is expected to be executed in early March of this year; we would, therefore, appreciate receiving the results of your approval action as soon as possible.

Should you have any questions regarding this submittal, please contact the undersigned at 212-466-2393.

Very truly yours,

JOHN J. McMULLEN ASSOCIATES, INC.

Vice President and Manager New York Technical Operation

JWB:ew

cc: R. M. Whiteside

BP Oil Company



Commandant United States Coast Guard Washington, D.C. 20593-0001 Staff Symbol: G-MVI-2 Phone: (202) 267-1181

16703 33/157.19

9 - FEB 1990

John J. McMullen Associates, Inc. Attn: Mr. Maurice deLeon One World Trade Center Suite 3000
New York, NY 10048-0383

Dear Mr. deLeon:

We have carefully reviewed your letter of December 18, 1989, which requests our approval of an equivalent arrangement to the requirements of 33 CFR 157.19(b)(3) and MARPOL Annex I, Regulation 24(4). Unfortunately, we are unable to draw a valid equivalency based on the points you have presented.

It is not possible to base an equivalency to one requirement (tank length) on over-compliance with another requirement (outflow). We also considered your point that the proposed tank is surrounded by wing tanks greatly exceeding the minimum width (0.2B) for wing tanks surrounding a center tank 0.2L. Regulation 24(4)(c)(ii) bases allowable length for center tanks on a sliding scale, which is a function of the width of surrounding wing tanks until the surrounding tanks are 0.2B wide. Tank length is specifically limited to 0.2L for all cases where the surrounding wing tanks have widths equal to or exceeding 0.2B. Therefore, relief on this basis would amount to a modification of this regulation rather than an equivalency to it.

In response to your letter of January 11, 1990, please be advised that the proposed alterations will be considered a major conversion for the purposes of MARPOL (33 CFR Subchapter 0). Determinations for the purposes of inspection (46 CFR Subchapter D) are made by the Officer-in-Charge, Marine Inspection (OCMI) for the zone where the modifications are to be accomplished. An application for inspection should be made to the OCMI. If the OCMI determines that these modifications constitute a major conversion, a copy of the application will be forwarded to the American Bureau of Shipping, permitting them to undertake plan review and inspection on our behalf under NVIC 10-82, Change 2.

Sincerely,

JOSEPH J. ANGELO U.S. Coast Guard

Acting Chief. Merchant Vessel Inspection and Documentation Division

By direction of the Commandant





Commanding Officer U.S. Coast Guard Marine Safety Center

400 7th Street, S.W.
Washington, DC 20590-0001
Staff Symbol:
Phone: MSC-2

(202) 366-6440 FAX (202) 366-3877

16710/ASI 2295-98 Serial: MCH2-00056 15 February 1990

John J. McMullen Associates, I ATTN: Mr. James W. Bordeaux One World Trade Center Suite 3000 New York, New York 10048-0383

Subj: ATIGUN PASS, O.N. 586128; Avondale Shipyard Hull 2295, Built 22 November 1977

KEYSTONE CANYON, O.N. 586129; Avondale Shipyard Hull 2296, Built 1 January 1978

BROOKS RANGE, O.N. 586130; Avondale Shipyard Hull 2297, Built 12 May 1978

THOMPSON PASS, O.N. 586131; Avondale Shipyard Hull 2298, Built 1 January 1978

Avondale Shipyard Hulls 2295 through 2298

864' x 173' x 75' Crude Oil Tankships (D)

173,380 DWT

Grade B and Lower Flammable and Combustible Liquid Cargoes, identified as Pollution Category I and III in 46 CFR 30.25-1 and 46 CFR 153 Table 2

Ocean Service

Segregated Ballast Modifications

Ref: (a) Your letter EX-8958M-6189 dated 17 January 1990

- (b) American Bureau of Shipping letter L-39714 dated 17 January 1990 addressed to J.J. McMullen Associates
- (c) Commandant (G-MVI-2) letter 16703/33 CFR 157 dated 7 April 1989 addressed to the American Bureau of Shipping

ASI Dwg. Nos.

- (d) 48-01-20(RC), Diagram Segregated Ballast System
- (e) 48-05-30(S)(RC), Diagram Cargo Oil Tank Cleaning
- (f) 48-17-10(S)(RC), Diagram Cargo Oil System
- (g) 48-17-20(RC), Diagram Inert Gas and Cargo Tank Venting System
- (h) 48-00-10(S), Piping Material Schedule

Dear Mr. Bordeaux:

Plan review for the subject modifications is being done, in part, by the American Bureau of Shipping on our behalf under the terms of reference (c).

We are already in receipt of reference (b) and one copy of its listed enclosures which we are retaining for our files. Accordingly, references (d) through (h) have been forwarded by copy of this letter to ABS for stamping and forwarding to you.

A copy of reference (b) and a stamped set of plans should be available on-board each of the subject vessels at the time each undergoes its modifications.

16710/ASI 2295-98 Serial: MCH2-00056 15 February 1990

Subj: ATIGUN PASS, O.N. 586128, et. al.

The remainder of the plans and information received with reference (a) are being retained for use in our review of the vessel's stability and will be addressed under separate correspondence.

Sincerely,

. F. WRIGHT

Lieutenant Commander, U.S. Coast Guard Chief, Engineering Division By direction of the Commanding Officer

Copy: ABS with references (d) through (h)



orld Trade Center Suite 3000 New York, New York 10048-0383

Teiephone: 212/466-2200

NAVAL ARCHITECTS/MARINE ENGINEERS/TRANSPORTATION CONSULTANTS . NEW YORK, N.Y./ARLINGTON, VA./NEWPORT NEWS, VA./NENTURA, BATH, ME /PASCAGOULA, MS.

> IN REPLY REFER TO: EX-8958M-6229

March 2, 1990

#### Via Telefax

Commanding Officer United States Coast Guard Marine Safety Office 6767 North Bassin Avenue Portland, Oregon 97217-3929

Attention: Officer-in-Charge

of Marine Inspection

Enclosure:

USCG G-MVI-2 Letter Reference No. 16703 33/157.19 (1)

to JJMA dated 2/9/90

(2) BP 165000 DWT Class Tankers, Specifications for Modifications Required for Capacity Reduction to 125000 DWT and Compliance with Current Segregated Ballast Regulations; February 13, 1990

(3) Arrangement Drawing

#### Gentlemen:

We are currently in the final stages of selecting a shipyard, from among three in the Portland area, to remove a short section of parallel midbody (50'-6 inches) from the vessel BROOKS RANGE, and to make tank reassignments/piping changes necessary to comply with current segregated ballast rules. This work will be accomplished simultaneously with normal M&R tasks and is for the purpose of reducing the deadweight of the vessel for commercial reasons.

We have submitted the technical package describing the forebody work to the Marine Safety Center and at the same time we raised the question of inspection criteria with G-MVI. The latter issue was addressed in a letter (Enclosure 1) to us from Mr. Angelo, Acting Chief of the Merchant Vessel Inspection and Documentation Division. (The other matter addressed in that letter concerns the necessity to subdivide an existing center cargo tank because the ratio of its length to the vessel length is slightly over the limit in 33 CFR after the midbody section is removed; that issue is not involved with the purpose of this letter to you.)

> CABLE ADDRESS: MACDESIGN TELEX: TRT 177175 WUD 640638 WUI66133



EX-8958M-6229 March 2, 1990 Page - two -

In Enclosure (1), Mr. Angelo indicates that the forebody work will be considered a major modification for the purposes of pollution prevention rules (MARPOL/33 CFR Subchapter 0), which we had anticipated. The letter goes on to indicate that inspection criteria for the project relative to 46 CFR regulations will be determined by you.

It has been our expectation, and the design so reflects, that areas directly affected by the midbody section removal and resultant ballast changes would be considered major modifications and would, therefore, be required to comply with current rules. We had expected, however, that the unaffected portions (including engine room, accommodations, etc.) would continue to be inspected as an "existing" vessel, constructed under the regulations in force at the time of the building contract.

A copy of the specification and an Arrangement Drawing showing the intended modifications is enclosed herewith. We would greatly appreciate guidance, at your earliest convenience, on the matter of inspection criteria.

Very truly yours,

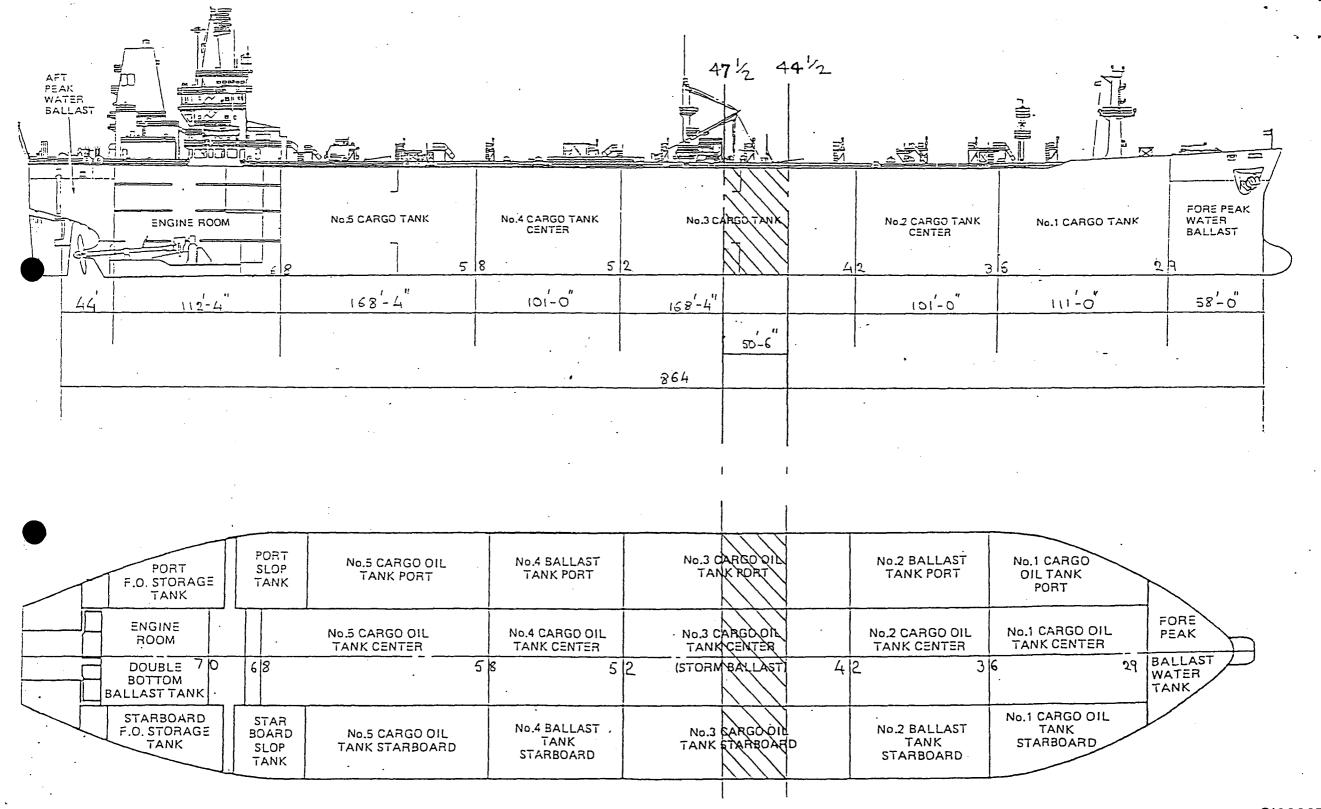
JOHN J. McMULLEN ASSOCIATES, INC.

△ Jim W. Bordeaux

Vice President and Manager New York Technical Operation

Appointed Naval Architect by Interocean Management Corp.

JWB:ew



U.S. Department of Transportation

United States Coast Guard



Officer in Charge Marine Inspection U. S. Coast Guard 6767 North Basin Avenue Portland, Oregon 97217-3992 Phone: 503-240-9300

16711 × 8 March 1990

GRK MdL

JEHN 3/1

John J. McMullen Associates, Inc. Attn: Mr. Jim W. Bordeaux One World Trade Center Suite 3000 New York, New York 10048-0380

#### Gentlemen:

I have reviewed and agree with your proposal, dated 2 March 1990, regarding modification of the T/V BROOKS RANGE. To reiterate our phone conversation of 6 March 1990, the portions of the vessel that are unaffected by this modification would continue to be inspected as an existing vessel.

If you have any further questions, please feel free to contact me at  $(503)\ 240-9340$ .

Sincerely,

W. L. LOVELAND

Commander, U. S. Coast Guard Chief, Inspection Department By direction of the Officer in Charge Marine Inspection JOHN J. McMULLEN ASSOCIATES, INC.



One World Trade Center Suite 3000

New York, New York 10048-03

Telephone: 212/466-2200

NAVAL ARCHITECTS/MARINE ENGINEERS/TRANSPORTATION CONSULTANTS • NEW YORK, N Y/JARLINGTON, YA/JNEWPORT NEWS, VA/VENTURA, CA. BATH, ME., PASCAGOULA, MS

> IN REPLY REFER TO: 8958M/6280

April 5, 1990

American Bureau of Shipping 45 Eisenhower Drive P.O. Box 910 Paramus, New Jersey 07653-0910

Attention: Mr. H.P. Haendler

Principal Engineer

Subject:

Capacity Reduction of 165,000 DWT Class Tankers; Plan Approval

Enclosures: (1) 48-01-20(RC), Diagram Segregated Ballast System

(2) 48-05-30(S)(RC), Diagram Cargo Oil Tank Cleaning

(3) 48-17-10(S)(RC), Diagram Cargo Oil System

(4) 48-17-20(RC), Diagram Inert Gas & Cargo Tank Venting System

(5) 48-00-10(S), Piping Material Schedule

References: (a) REPLY/MESSAGE form forwarded from ABS (Mehta) to JJMA dated

March 7, 1990

(b) USCG Letter Ser. MCH2-00056 to JJMA (copy to ABS) dated

February 15, 1990

#### Gentlemen:

Enclosures (1)-(5) were forwarded to us by Reference (a). Reference (b), which was attached to Reference (a), indicated that ABS had been authorized to review the forwarded plans on behalf of USCG and that ABS should stamp the plans accordingly. The three copies of the drawings received via Reference (a) were, however, stamped only with the ABS stamp, identically to copies previously forwarded directly from ABS.

Mr. Mehta advised this date in a telcon that the USCG stamp should have been applied and requested that the plans be returned to be so stamped. Enclosures (1)-(5) are, accordingly, forwarded herewith for that purpose.

Very truly yours,

JOHN J. McMULLEN ASSOCIATES, INC.

Vice President

JWB/job

cc: BP, Jerry Hottel

CABLE ADDRESS: MACDESIGN TELEX: TRT 177175 WUD 640638 WUI66133 ENCLOSURE 2)

# PRELIMINARY

NORTHWEST MARINE, INC.

KEYSTONE CANYON DRAWING SCHEDULE

6-JUNE-90

				<b>////</b>	<b>&lt;</b> <<<	((((	<b>{ { { { { { { { { {</b>	:<<<<	<b>&lt;&lt;</b> <<	<b>((((</b> (	<b>{{{{</b> }	(((((	ISSUE	DATE	<b>&gt;&gt;&gt;&gt;&gt;</b>	<b>&gt;&gt;&gt;&gt;</b>	<b>››››</b>	<b>&gt;&gt;&gt;&gt;</b>	<b>›››</b> ›	<b>&gt;&gt;&gt;&gt;&gt;</b>	<b>&gt;&gt;&gt;&gt;</b>	·>>>>>
JOB#	DMG#		TITLE	6/8	6/1	5 6/	22	6/29	7/6	7/13	7/20	7/27	8/3	B/10	8/17	8/24	8/31	9/7	9/14	9/21	9/28	LATER
C4-1620-	07-00-01	(S-RC)	DOCKING PLAN	¦	;	 		: :	 	 ¦	 	 }	·	 !	!	!	!	 !	!	!		!
4874-	11-01-10	(RC)	FR 44 1/2 MASTER BUTT STRUCTURE DETS	;	; X	;	}	i	;	<b>:</b>	}	1	1	!	Ì	;	1	:			. ^	:
C4-1620-	12-01-01	(RC)	MOORING ARRET	;	1	ł	1	<u> </u>	ł	;	<b>!</b>	1	1	}	1	1		i	ì		! X	:
4874-	16-01-132	(RC)	VALVE OPERATOR HYDRAULIC SYSTEM MODS	;	ł	1	;	! <b>J</b>	!	: X	!	1	1	;	:	1		1				
4874-	28-03-10	(RC)	CARGO/BALLAST CONSOLE MIMIC ARRET	ŀ	1	;	!	<b>;</b>	;	;	1	ł X	1	1	!	<b>!</b>	1	1	1	!	:	
4874-	28-03-11	(RC)	LABEL PLATE LIST, HULL/ELEC/MECH	1	i	ŀ		;	i	1	<b>!</b>	<b>!</b>	:	!	:	: X	1	Ì			i	
C4-1620-	28-03-12	(RC)	POWER OPERATED VALVE CHART	į	;	1		ł	1	:	:	1	1	: X	;	1	!	!	1		}	
4874-	28-03-12	(RC)	WHEELHOUSE MANUEVERING DATA	:	;	1	;	i	<b>!</b>	ł	!	1	1	1	1	1	į			:	! X	
C4-1620-	29-01-01	(S-RC)	CAPACITY PLAN	;	1	i	i	ŀ	;	;	;	1	1	1	1	1	!	:	·  -		IPRELI	
C4-1620-	29-01-04	(S-RC)	TANK CAPACITY TABLES	1	1	1		i	<b>!</b>	;	;	1	:	;	:	!	Ì	1	. X	·	1	1
C4-1620-	29-01-09	(S-RC)	TRIM & STABILITY BKLT	!	ł	!		1	;	!	:	i	!	;	<b>!</b>	!PRELM	ll Ll	1	1		!	. X
C4-1620-	29-01-16	(RC)	LOADING MANUAL	1	1	ļ	1	i	<b>!</b>	:	1	;	i	<b>!</b>	;		PRELM	i	:		i	: X
4874-	29-01-20	(RE)	DEADWEIGHT SURVEY PROCEDURE	;	1	;		į	1	!	;	;	1	<b>;</b>	;	1	1 X	1	1			1
4874-	29-01-21	(RC)	DEADWEIGHT SURVEY REPORT	1	1	1	1	i	;	!	1	1	;	;	}	;	1	1	1	1	: X	İ
4874-	29-06-05	(RC)	CUT & JOIN PROCEDURE	;	1	-		<b>:</b> X	<b>!</b>	!	<b>!</b>	1	;	1	<u> </u>	ļ	1	1	1	1	1	1
4874-	48-00-113	(RC)	CARGO/IGS/VENT/COW/SW/FM PPG MODS ON DI	G	1	1		1	!	: X	!	ŀ	;	:	!	!	:	;	!	:	!	1
4874-	48-00-293	(RC)	ELEC CONDUIT/J-BOX MODS IN WAY OF CUT	!	i	ł		;	; X	1	;	1	;	!	!	!	}	1	1	1	ļ	:
C4-1620-	48-01-20	(RC)	SEGREGATED BALLAST SYSTEM DIAGRAM	1	1	1		í	1	!	!	1	1	<b>!</b>	1	!	1	<b>!</b>	;	:	: X	<b>;</b>
C4-1620-	48-03-10	(S-RC)	FIREMAIN SYSTEM DIAGRAM	ļ	1	1		:	:	ł X	ì	1	1	!	1	1	!	;	;	1	;	1
C4-1620-	48-17-10	(S-RC)	CARGO SYSTEM DIAGRAM	1	!	1	;	1	!	ł	į.	;	;	ŀ	:	}	1	l l	!	1	: X	;
4874-	48-17-28	(RC)	CARGO/BALLAST PPG MODS IN TANKS	;	;	ŀ		:	1	ł X	;	!	ł	!	;	{	1	1	1	1	}	1
4874-	48-23-011	(RC)	BALLAST SEA CHESTS IN WING TKS 1,3 & 5	!	ł	;	X	<b>:</b>	1	!	1	1	i	i	!	<b>!</b>	1	!	1	!	1	:
4874-	48-23-101	(RC)	REACH ROD MODS, FRS 29-68	ł	1	:		:	1	1	;	: X	!		;	!	!	<b>!</b>	}	1	į	: 4
4874-	65-05-353	(RC)	VALVE OPERATOR ELECTRICAL END HODS	1	1	1	;	1	1	ļ	; X	}	1	1	!	!	1	1	;	<b>!</b>	1	
4874-	65-05-354	(RC)	CARGO/BALLAST CONSOLE ELEC END MODS	;	;	1		; X	;	1	!	1	}	!	!	!	!	1	!	1	1	1
4874-	65-05-391	(RC)	TANK LVL/ALARM ELECTRICAL END HODS	ŧ	1	1	1	1	1	!	<b>;</b>	1 X	}	1	1	}	;	1	1 .	1	<b>!</b>	:
4874-	87-00-122	(RC)	TANK LEVEL/DRAFT GAGING TUBING MODS	1	1	1		:	1	1	¦ X	1	1	1	1	1	}	!	1	!	t	<b>;</b>
C4-1620-	94-00-01	(S-RC)	FIRE CONTROL PLAN	1	1	1	;	1	<b>;</b>	ļ	1	1	}	ł	: X	<b>!</b>	1	:	1	1	!	1
C4-1620-	NO NUMBER		IGS/COW OPERATING MANUAL	1	ł	ł		1	;	1	1	;	!	;	!	1	!	: X	<b>!</b>	1	1	:
C4-1620-	NO NUMBER		DECK OPERATING MANUAL	<b>;</b>	1	t		1	<u> </u>	;	<b>!</b>	}	<b>!</b>	:	<b>!</b>	!	<b>!</b>	: X	!	!	:	ŀ



RUN DATE: 6-Jun-90

#### SS KEYSTONE CANYON CAPACITY REDUCTION DRAWING SCHEDULE

MORTHWEST MARINE, INC. PORTLAND, OREGON

NUMBER	REV TITLE		ISSUE	NVIC10-8 LEVEL	2 <<<<< OWNERS >>>	*****SUBMITTALS****** >>> <<<<<< ABS >>>>>	>> <<<<< uses >>>>
C4-1620- 07-00-01 (S-RC)	DOCKING PLAN				YES	NO	NO
	SPEC ITEMS: 001-07 DESCRIPTION:REVISE	EXISTING PLA	N TO REFLECT	reduced	CAPACITY SHIP.		
4874- 11-01-10 (RC)	FR 44 1/2 MASTER BUTT STRUCTURE DETS		15-Jun-90	I.B.1	YES	YES	BY ABS
	SPEC ITEMS: 001-07 DESCRIPTION:WELD JO REMARKS: \$\$\$ BY	INT DETAILS	FOR LONGITUI	)INALS AN	D PLATING AT NEW B	. זזע	
 C4-1620- 12-01-01 (RC)	MOORING ARRST	EXIST DWG UPDATE	28-Sep-90	0	YES	NO	NO
	SPEC ITEMS: 001-07 DESCRIPTION:PLAN VI					KS, BITTS, FAIRLEADS,	ETC.
4874- 16-01-132 (RC)	VALVE OPERATOR	NEW DWG			YES	YES	BY ABS
<u></u>	SPEC ITEMS: 001-07 DESCRIPTION:ARRGT & REMARKS: EXISTIN	G SYSTEM SHO	WN ON 16-01-				
4874- 28-03-10 (RC)	CARGO/BALLAST CONSOLE MIMIC ARRGT	NEW DWG		0	YES	NO	NO
THE?	SPEC ITEMS: 001-07 DESCRIPTION:CONSOLE REMARKS: SEE DWG	FRONT LAYOU			NEW COLORED MIMIC -247 FOR EXISTING P		
 4874- 28-03-11 (RC)	LABEL PLATE LIST, HULL/ELEC/MECH		24-Aug-90	0	YES	NO	NO NO
TRC7		D LIST OF LAI 6 LOCATIONS.	BEL PLATES I	NCLUDING	INSCRIPTIONS, DIME	ENSIONS, SHAPES, MATER	TALS, COLORS, &
4874- 28-03-12 (RC)		NEW DW6 AS-BUILT	28-Sep-90	11.3	YES	YES	AFTER ABS
	SPEC ITEMS: 001-07 DESCRIPTION:NEW DIA REMARKS: REPRODU	GRAMS SHOWING	5 INFORMATIO		ED BY 46CFR35.20-40 N BRIDGE. ## BY NI		

28-03-12

UPDATE

POWER OPERATED VALVE EXIST DWG 10-Aug-90

YES

(RC)

LIST

SPEC ITEMS: 001-07 003-06 005-09 006-04

DESCRIPTION: REVISE CHART TO REFLECT MODIFIED VESSEL.

REMARKS: REPRODUCE IN METAL PHOTO FOR MOUNTING IN CARGO CONTROL RM.

C4-1620-

CAPACITY PLAN

EXIST DW6 28-Sep-90 II.2

YES

YES

AFTER ABS

29-01-01 (S-RC)

UPDATE

SPEC ITEMS: 001-07 003-06

DESCRIPTION: REVISE EXISTING PLAN TO REFLECT REDUCED CAPACITY SHIP.

REPRODUCE IN METAL PHOTO FOR MOUNTING ON BRIDGE. PRELIM BY 9/28/90, FINAL DUE 3 WEEKS AFTER RECEIPT

OF USCG APPROVED LIGHTSHIP DATA.

C4-1620-

TANK CAPACITY TABLES EXIST DW6 14-Sep-90 I.D.1.i

YES

YES

BY ABS

29-01-04

**UPDATE** 

(S-RC)

SPEC ITEMS: 001-07

DESCRIPTION: REVISE BKLT TO REFLECT CHANGES IN TANK NAMES & CAPACITIES.

29-01-09

TRIM & STABILITY BKLT EXIST BKLT 24-Aug-90 III.5 UPDATE

YES

(S-RC)

SPEC ITEMS: 001-07

DESCRIPTION: REVISE BKLT TO REFLECT CHANGES IN SHIP CONFIGURATION AND NEW LIGHTSHIP WEIGHT DETERMINED FROM DWT

SURVEY.

EXIST BKLT 28-Sep-90 I.B.5

PRELIM T & S CALCS BY JJM APPROVED BY USC6 3/8/90.

YES

PRELIM SUBMITTAL BY 8/24/90. FINAL DUE 3 WEEKS AFTER RECEIPT OF USC6 APPROVED LIGHTSHIP DATA. SEE

YES

BY ABS

C4-1620-29-01-16

UPDATE

(RC)

SPEC ITEMS: 001-07

LOADING MANUAL

DESCRIPTION: UPDATE MANUAL FOR TANKAGE AND STRUCTURAL CHANGES.

REMARKS: PRELIM BY 8/31/90. SEE T&S CALCS BY JJM.

4874-

DEADWEIGHT SURVEY

NEW DWG

\_\_\_\_\_\_

YES

NO

YES

29-01-20 (RC)

PROCEDURE

PRE-CONST

SPEC ITEMS: 001-06

DESCRIPTION: DETAILED PROCEDURE FOR SURVEY SIMILAR TO USC6 REQUIREMENTS FOR INCLINES AS DETAILED IN NVIC 15-81.

DEADWEIGHT SURVEY NEW DWG

REPORT

POST SURVEY

28-Sep-90 III.5

31-Aug-90 III.5

YES

YES

29-01-21 (RC)

SPEC ITEMS: 001-06 001-07

DESCRIPTION: REPORT OF SURVEY SIMILAR TO INCLINE REPORT REQUIRED BY USC6 IN NVIC 15-81. INCLUDE LIGHT SHIP

WEIGHT AND LCG IN REPORT.

REMARKS: DUE 1 WEEK AFTER COMPLETION OF SURVEY.

SUBMITTAL KEY: A=APPROVED AC=APPROVED W/COMMENTS D=DISAPPROVED N=NOTED NC=NO COMMENT NR=NOT REQUIRED

NUMBER REV TITLE



YES

\_\_\_\_\_\_\_

29-06-05

CUT & JOIN PROCEDURE NEW DWG PRE-CONST

(RC)

SPEC ITEMS: 001-07 002-03

DESCRIPTION: INCLUDES DETAILED CUT & JOIN PROCEDURE, TRIM & STABILITY CALCS FOR BALLASTING OF BOW, MIDBODY,

STERN. & DRYDOCK, CUTTING AND WELDING SEQUENCES, CALCS FOR STRESS IN DRYDOCK, SPECIAL HARDWARE

NEEDED FOR JOINING OPERATION.

REMARKS:

\*\*\* BY EDWIN PHILLIPS ASSOCIATES, INC. \*\*\*

4874-

CARGO/IGS/VENT/COW/SW NEW DWG

13-Jul-90 I.D.1

29-Jun-90

YES

YES

BY ABS

NO

48-00-113 (RC)

/FM PP6 MODS ON DK PRE-CONST

SPEC ITEMS: 001-07 005-02 005-04 005-05 005-07

DESCRIPTION: ARRGT & DETAILS OF PIPING MODS. INCLUDES DETAILS OF DECK PENETRATIONS.

EXISTING SHOWN ON 01-03-04-S(RC) GEN ARRET UPPER DK & 48-00-11(S) CO/BAL/IGS/VENT PPE ON DK FWD 70.

NEW ON 48-05-30-S-RC COW DIAG & 48-17-10-S-RC CO DIAG & 48-17-20-RC IGS/VENT DIAG.

4874-

ELEC CONDUIT/J-BOX NEW DWG

6-Jul-90 II.6

YES

YES

AFTER ABS

48-00-293

MODS IN WAY OF CUT

UPDATE

PRE-CONST

(RC)

SPEC ITEMS: 001-07 006-02

DESCRIPTION: ARRGT AND MATERIAL LIST OF NEW CONNECTIONS BOXES AT CUT.

REMARKS: EXISTING SHOWN ON 60-00-03-S WIREWAY CABLES FWD OF 69 AND 48-00-295 UPPER DK CONDUIT PPG.

C4-1620-48-01-20

SYSTEM DIAGRAM

SEGREGATED BALLAST EXIST DWG 28-Sep-90 I.D.1.g

YES

APPROVED 1/17/90

**APPROVED** 15-Feb-90

(RC)

SPEC ITEMS: 001-07 003-06

DESCRIPTION: REVISE EXISTING PLAN FOR CHANGES TO SPECIFIED WORK.

PLAN ALREADY SHOWS REDUCED CAPACITY SHIP, APPROVED BY ABS ON 1/17/90. REPRODUCE IN METAL PHOTO FOR

MOUNTING IN CARGO CONTROL RM.

C4-1620-

FIREMAIN SYSTEM

EXIST DWG 13-Jul-90 I.D.1.w

YES

YES

BY ABS

48-03-10 DIAGRAM UPDATE

(S-RC)

SPEC ITEMS: 001-07 003-06

DESCRIPTION: REVISED EXISTING PLAN TO REFLECT REDUCED CAPACITY SHIP.

REMARKS: REPRODUCE IN METAL PHOTO FOR MOUNTING ON BRIDGE.

C4-1620-

SPEC ITEMS: 000-07 003-06

UPDATE

CARGO SYSTEM DIAGRAM EXIST DWG 28-Sep-90 I.D.1.a

YES

APPROVED 1/17/90

APPROVED 15-Feb-90

48-17-10 (S-RC)

DESCRIPTION: REVISE EXISTING PLAN FOR CHANGES TO SPECIFIED WORK. PLAN ALREADY DEFINES REDUCED CAPACITY SHIP.

REMARKS:

REPRODUCE IN METAL PHOTO FOR MOUNTING IN CARGO CONTROL RM. PLAN ALREADY SHOWS REDUCED CAPACITY

SHIP. PLAN APPROVED BY ABS ON 1/17/90.



ISSUE LEVEL CARGO/BALLAST PPG NEW DWG 13-Jul-90 I.D.1.a YES 4R74-BY ABS 48-17-28 MODS IN TANKS PRE-CONST (RC) SPEC ITEMS: 001-07 005-02 005-03 DESCRIPTION: ARRET & DETAILS OF PIPING MODS. INCLUDES DETAILS OF BULKHEAD PENETRATIONS. EXISTING SHOWN ON 48-01-12-5 BALLAST IN TANK PPG & 48-17-27 CO IN TK PPG. NEW ON 48-17-10-5-RC CO BALLAST SEA CHESTS NEW DWG 22-Jun-90 I.A.13 YES YES BY ABS IN WING TKS 1,3 & 5 PRE-CONST 48-23-011 (RC) SPEC ITEMS: 001-07 002-03 005-03 DESCRIPTION: ARRET & DETAILS OF BALLAST SEA CHESTS RELOCATION. REMARKS: EXISTING SHOWN ON 48-23-01 BALLAST SEA CHESTS IN TKS 2 & 4. 4874-REACH ROD MODS, FRS NEW DWG 27-Jul-90 0 YES NO 48-23-101 29-68 PRE-CONST (RC) SPEC ITEMS: 005-02 005-03 DESCRIPTION: ARRET & DETAILS OF REACH ROD RELOCATIONS. REMARKS: EXISTING SHOWN ON 48-23-08-S & 48-23-10-S. VALVE OPERATOR NEW DW6 20-Jul-90 II.6 4874-YES YES AFTER ABS 65-05-353 ELECTRICAL END MODS PRE-CONST (RC) SPEC ITEMS: 001-07 006-01 006-04 DESCRIPTION: ELEMENTARY & ISOMETRIC 1-LINE DIAGRAM OF CHANGES TO VALVE OPERATOR INSTRUMENTATION WIRING. REMARKS: EXISTING SHOWN ON 65-05-34-S CARGO/BALLAST PWR VLVS INSTRUMENTATION IND. CARGO/BALLAST NEW DWG 29-Jun-90 II.6 4874-YES YES AFTER ABS 65-05-354 CONSOLE ELEC END MODS PRE-CONST (RC) SPEC ITEMS: 001-07 003-06 006-03 006-04

DESCRIPTION: ELEMENTARY WIRING DIAGRAM SHOWING CHANGES TO CONSOLE. INCLUDES MATERIAL LIST FOR NEW PARTS. COORDINATE WITH MIMIC PANEL LAYOUT.

4874-65-05-391

TANK LVL/ALARM

NEW DWS

27-Jul-90 II.6

YES

YES

AFTER ABS

(RC)

ELECTRICAL EWD MODS PRE-CONST

SPEC ITEMS: 005-08 005-08 006-01

006-03

DESCRIPTION: ELEMENTARY & ISOMETRIC 1-LINE DIAGRAM OF MODS TO TANK LEVEL INDICATORS & ALARMS

REMARKS: EXISTING SHOWN ON 65-05-39-S CARGO/BAL/DRAFT IND SYS EWD.

4874-

TANK LEVEL/DRAFT

NEW DWG

20-Jul-90 I.D.1.o

YES

YES

BY ABS

87-00-122

GAGING TUBING MODS PRE-CONST

(RC)

SPEC ITEMS: 001-07 005-08 005-10

DESCRIPTION: ARRET & DETAILS OF TUBING FROM DECK BOXES INTO TANKS FOR TANK GAGES AND BETWEEN CARGO CONTROL ROOM

& SHELL CONNECTION FOR DRAFT GAGES.

MUMBER - REV TITLE



FIRE CONTROL PLAN YES C4-1620-EXIST DW6 17-Aug-90 III.2 YES UPDATE 94-00-01 (S-RC) SPEC ITEMS: 001-07 003-06 DESCRIPTION: INCLUDE ALL INFORMATION REG'D BY 46CFR35.10-3. REPRODUCE IN METAL PHOTO FOR MOUNTING ON BRIDGE. C4-1620-16S OPERATING MANUAL EXIST BKLT 31-Aug-90 YES NO NUMBER UPDATE SPEC ITEMS: 001-07 DESCRIPTION: UPDATE MANUAL TO REFLECT CHANGES IN TANKS AND IGS/COM/VENT MODS. C4-1620-COW OPERATING MANUAL EXIST BKLT 31-Aug-90 I.A.29 YES YES BY ABS NO NUMBER UPDATE SPEC ITEMS: 001-07 DESCRIPTION: UPDATE MANUAL TO REFLECT CHANGES IN TANKS AND IGS/VENT MODS. C4-1620-EXIST BKLT 7-Sep-90 0 YES NŪ NO NUMBER UPDATE SPEC ITEMS: 001-07 DESCRIPTION: REVISE BOOKLET OF GENERAL INFORMATION TO REFLECT MODS PER THIS OVERHAUL. APPROXIMATELY 40 SHEETS 11"x17" OF DIAGRAMS & TEXT.

CABLE ADDRESS KEYSHIPCO Thank yous

TELEPHONE 215-928-2800 TWX 710-670-7649 TELEX WUJ 84-5327 TELECOPIER 215-928-2825

#### KEYSTONE SHIPPING CO.

313 CHESTNUT STREET
PHILADELPHIA, PENNSYLVANIA 19106

November 14, 1988

Mr. Wm. Zavin
President
Northwest Marine Ironworks
5555 N. Channel Ave., Bldg. 2
Portland, Oregon 97217

Dear Bill,

I'd like to take this time to thank Northwest Marine Ironworks and your sub-contractor, Sipco Marine, for the outstanding and professional job that was recently done in your shipyard on the SS GOLDEN GATE.

All those involved should be told that it was one of the most pleasurable and professional jobs that I have worked on in many years. I would like to personally thank everyone for a job well done. Both companies are a credit to the industry. I am certainly looking forward to working with you and Sipco in the very near future.

Once again, thanks for a job well done.

Sincerely,

KEYSTONE SHIPPING CO., Agent

G. J. Bell

GJB: md

cc: Mr. R. Brock, Sipco Marine Mr. W. Hearn, Sipco Marine

TELEPHONE 215-828-2800 TWX 710-670-7649 TELEX WUJ 84-5327 TELECOPIER 215-828-2825

KEYSTONE SHIPPING CO.

313 CHESTNUT STREET

PHILADELPHIA, PENNSYLVANIA 19106

November 14, 1988

Mr. Wm. Zavin
President
Northwest Marine Ironworks
5555 N. Channel Ave., Bldg. 2
Portland, Oregon 97217

Dear Bill,

I'd like to take this time to thank Northwest Marine Ironworks and your sub-contractor, Sipco Marine, for the outstanding and professional job that was recently done in your shipyard on the SS GOLDEN GATE.

All those involved should be told that it was one of the most pleasurable and professional jobs that I have worked on in many years. I would like to personally thank everyone for a job well done. Both companies are a credit to the industry. I am certainly looking forward to working with you and Sipco in the very near future.

Once again, thanks for a job well done.

Sincerely,

KEYSTONE SHIPPING CO., Agent

G. J. Bell

GJB: md

cc: Mr. R. Brock, Sipco Marine Mr. W. Hearn, Sipco Marine

## NORTHWEST MARINE MAJOR JOBS

JOBS WITH LITIGATION

IOBS WITH LITIGATION THREATENED

JOB NAME	CUSTOMER	NOTES	DL HOURS	START DATE	END DATE
4122 POLYNESIA	CHINA NAVIGATION CO.		2,404	22-May-89	30-May-89
4138 GLACIER BAY	TRINIDAD CORP.		3,699	07 - Jul - 89	14-Jul-89
4147 ALASKA	MARINE TRANSPORT LINES		1,835	21-Jul-89	31-Aug-89
4151 MOBIL ARCTIC	MOBIL OIL CORP.		2,143	17-Aug-89	20-Aug-89
4156 PROSPERITY	GENERAL STEAMSHIP CORP		1,505	18-Aug-89	21 - Aug - 89
4193 BARGE ROGUE	SAUSE BROTHERS OCEAN T		1,876	21-Jan-90	27-Jan-90
4204 TUSTEMENA	STATE OF ALASKA		4,826	12-Jan-90	21-Feb-90
4221 SEAKITTY	NORTON, LILLY & CO		2,328	01-Feb-90	07-Feb-90
4239 BROOKS RANGE-DD RPRS	INTEROCEAN MGMT. CORP.		1,541	14-Apr-90	18-Apr-90
4251 HANSA DANZIG	EACSTEAMSHIP		1,009	30-May-90	06-Jun-90
4270 SANSINENA II	WEST COAST SHIPPING		535	15-Oct-90	19-Oct-90
4273 ADMIRALTY BAY	TRANSMARINE NAVIGATION	4	1,552	10-Aug-90	17-Aug-90
4277 SEALAND NAVIGATOR	SEALAND		158	24-Aug-90	01 - Nov - 90
4281 DREDGE YAQUINA	CORP OF ENGINEERS		298	05-Sep-90	01-Feb-91
4291 VIKING SERENADE BOW & SPON	SWM-SAN DIEGO	/a	63,739	18-Oct-90	05 - Mar - 91
4299 THOMPSON PASS	I.O.M.		9,648	26-Nov-90	03-Dec-90
4300 BROOKS RANGE	I. O. M.		7,312	07 - Dec - 90	17-Dec-90
4344 CORNUCOPIA	WEST COAST SHIPPING		3,463	19 – May – 91	27 - May - 91
4345 B. T. SAN DIEGO	MARINE TRANSPORT LINES		1,130	23-May-91	03-Jun-91
4350 BARGE HEDGES	WEST COAST SHIPPING		463	08 – Jul – 91	22-Jul-91
4362 BARGE CERES	CERES TRANSPORT		46,372	06 - Aug - 91	28-Sep-91
4387 WASHINGTON STAR	LEOND MARITIME		1,556	18-Nov-91	01 - Dec - 91
4392 SEA JADE	LIHAI INTERNATIONAL		8.181	07 - Dec - 91	22 - Dec - 91
4426 BARGE WILLAPA	BRIX MARITIME		6.253	12-Feb-92	28 - Feb - 92
4428 BOBBE JEAN	FLETCHER OIL & REFINING		6.897	28 - Feb - 92	26 – Mar – 92
4430 BARGE UMTB – 332	SAUSE BROTHERS		3,621	15 – Mar – 92	28 – Mar – 92
4700 B.T. SAN DIEGO	MARINE TRANSPORT LINES		30,559	21 – Apr – 89	02-Jun-89
4701 SANSENINA II	WEST COAST SHIPPING		29,423	05 - May - 89	06 – Jun – 89
4702 COAST RANGE	WEST COAST SHIPPING		14,810	05-May-69 05-Jul-89	19-Jul-89
4702 COAST RANGE	WATTERS MARINE INC.		5.177	29 – Apr – 89	08 - May - 89
4704 ASPEN	TRINIDAD CORP.		47.640	02 – Jun – 89	08 - May - 89 02 - Jul - 89
4705 BATON ROUGE	EXXON SHIPPING CO.		92,518	20 - Jun - 89	21-Jul-89
4706 SIERRA MADRE	WEST COAST SHIPPING		14.214		21 541 0>
4700 SIERRA MADRE 4707 OCEAN PHOENIX	PRO FISH			07-Aug-89	25-Aug-89
4707 OCEAN PHOENIX	SOHIO		150,645	18-Sep-89	20 - Dec - 89
J	WEST COAST SHIPPING		39,006	17-Aug-89	19-Sep-89
4709 CORNUCOPIA			25.108	03 - Oct - 89	26 – Oct – 89
4710 CHEVRON LOUISIANA	CHEVRON SHIPPING CO.		15.166	28-Aug-89	13-Sep-89
4713 MALASPINA	STATE OF ALASKA WATTERS MARINE INC.		21.609 15.375	20-Jan-90	10-Jun-90
4717 LION OF CALIFORNIA 4720 COLUMBIA				18-Apr-90	04-May-90
4720 COLUMBIA 4721 SANSINENA II	STATE OF ALASKA WEST COAST SHIPPING		17.614 13.696	13-Feb-90	19 – Apr – 90
1				30-Apr-90	20 - May - 90
4723 AR CO CALIFORNIA	ARCO MARINE INC. INTEROCEAN MGMT. CORP.		49.073	23 – Jun – 90	16-Jul-90
4724 BROOKS RANGE		**********	49,902	27 – May – 90	25 – Jun – 90
4726 SEALAND HAWAII	SEALAND WEST COAST SURDING		149,149	11-Jun-90	12-Oct-90
4727 SIERRA MADRE	WEST COAST SHIPPING		28.328	11-Jul-90	03-Aug-90
4728 COAST RANGE	WEST COAST SHIPPING		27.212	07-Aug-90	30-Aug-90
4729 KEYSTONE CANYON	KEYSTONE SHIPPING		307.578	04-Aug-90	21 - Oct - 90
4733 COVE LEADER	COVE SHIPPING		3.955	20 – Oct – 90	26 – Oct – 90
4734 B. T. ALASKA	MARINE TRANSPORT LINES		90.860	12-Nov-90	21 - Dec - 90

## NORTHWEST MARINE MAJOR JOBS

#### JOBS WITH LITIGATION

#### IOBS WITH LITIGATION THREATENED

JOB NAME	CUSTOMER	NOTES	DLHOURS	START DATE	END DATE
4735 B.T. SAN DIEGO	MARINE TRANSPORT LINES		11,257	28-Oct-90	17-Nov-90
4737 MOBIL ARCTIC	MOBIL OIL CORP		3,779	15-Nov-90	21 - Nov - 90
4738 KEYSTONE CANYON – 2ND	KEYSTONE SHIPPING		9,335	09 – Jan – 91	12-Jan-91
4739 OMI COLUMBIA	OMI CORPORATION		24,208	04-Feb-91	30-Apr-91
4740 EXXON BENICIA	EXXON SHIPPING CO.		142,238	08 - Mar - 91	21 - Apr - 91
4742 SANSINENEA II	WEST COAST SHIPPING		34,343	03-Jun-91	22-Jun-91
4743 COAST RANGE	WEST COAST SHIPPING		18,193	17-Jul-91	02-Aug-91
4744 SIERRA MADRE	WEST COAST SHIPPING		24,013	21-Aug-91	11-Sep-91
4745 ARCO FAIRBANKS	ARCO MARINE ·		73,993	19-Aug-91	09-Sep-91
4746 SKAW PRINCESS	WIND MANAGEMENT AS		8,019	12-Sep-91	04 - Oct - 91
4749 MALASPINA	ALASKA MARINE HIGHWAY		4,300	23 - Mar - 92	30-Apr-92
4872 TUSTUMENA	STATE OF ALASKA		285,824	20-Oct-90	07-Aug-91
4900 NIEUW AMSTERDAM	HOLLAND AMERICA LINES		19,618	17-May-89	22-May-89
4901 NOORDAM	HOLLAND AMERICA LINES		26,625	24-Sep-89	01 - Oct - 89
4902 ROTTERDAM	HOLLAND AMERICA LINES		230,510	11-Sep-89	09 – Oct – 89
4906 BERMUDA STAR	BERMUDA CRUISE LINES		35,200	05-Dec-89	20-Dec-89
4908 CONSTITUTION	AMERICAN HAWAII CRUISES	S	61,893	11-Jan-90	03-Feb-90
4909 NIEUW AMSTERDAM	HOLLAND AMERICA LINES		14,156	13-May-90	20-May-90
4911 BERMUDA STAR - FIRE	NORTHWEST MARINE	/b	30,129	06 - Dec - 89	19-Dec-89
4921 WESTERDAM	HOLLAND AMERICA LINES		14,014	23-Sep-90	29-Sep-90
4923 INDEPENDENCE	AMERICAN HAWAII CRUISES	S	54,360	02-Jan-91	26 – Jan – 91
4924 FAIR PRINCESS	P & O LINES LIMITED		172,525	22-Sep-91	26 – Oct – 91
4925 PACIFIC PRINCESS	P & O LINES LIMITED		30,541	19-May-91	29 - May - 91
5001 TAKU	STATE OF ALASKA		6,171	28-Sep-89	16-Nov-89
5003 MATANUSKA	STATE OF ALASKA		7,000	25-Nov-89	18-Jan-90
5004 WILLIAM STANDLEY	U.S. NAVY		741.644	03-Jun-90	12-Aug-91
5500 USCG POLAR SEA	U.S. COAST GUARD		53,817	01-May-89	
5506 USNS NORTHERN LIGHT	AMERICAN PRESIDENT LINE		9,011	25-Sep-89	13 - Oct - 89
5507 USNS SHOSHONE	DEPT. OF TRANSPORTATION	Ī	14,640	03-Jan-90	07 - Feb - 90
5508 CAPE ISABEL	AMERICAN PRESIDENT LINE	;	12,566	10-Aug-90	21-Aug-90
5509 NORTHERN LIGHTS	AMERICAN PRESIDENT LINE	S	8,711	24-Aug-90	31-Aug-90
5511 USCG POLAR STAR	USCG		13,224	24-Oct-91	29 – Nov – 91
5512 USNS TENACIOUS	MSC		6.249	19-Feb-92	20 – Mar – 92

<sup>/</sup>a Litigation initiated by SWM San Diego, the prime contractor.

<sup>/</sup>b Litigation is between contractor's and customer's insurance companies.

Litigation

#### MARKOWITZ, HERBOLD, STAFFORD & GLADE, P.C.

#### ATTORNEYS AT LAW

PETER H. GLADE
BARRIE J. HERBOLD
CHRISTINE T. HERRICK
LISA A. KANER
DAVID B. MARKOWITZ
HOLLIS K. MCMILAN
CHARLES A. RINGO
LYNN R. STAFFORD
ROBERT P. STAFFORD

300 BENJ. FRANKLIN PLAZA ONE S.W. COLUMBIA PORTLAND. OREGON 97258 (503) 295-3085

FAX (503) 323-9105

September 14, 1989

Mr. William H. Zavin II Northwest Marine Iron Works P. O. Box 3109 Portland, Oregon 97208

Re: Patricia Farley v. Northwest Marine Iron Works

Dear Bill:

Enclosed is a copy of our motion for summary judgment in this case.

We will keep you advised of developments.

Very truly yours,

Barrie J. Herbold

04:52/s Enclosure

cc: Gerald Ruggiero
 (w/encl.)



TO:

Art Engel

FROM:

Bill Zavin

DATE:

December 1/0, 1990

SUBJECT:

Lost Jobs

This report is in response to your request to report and review drive-in work which has been awarded to other contractors in the Portland Ship Repair Yard. The three projects listed below were awarded to other local contractors on a negotiated procurement basis.

- 1. THE ANTIGUN PASS Keystone Shipping; This project is being negotiated with Cascade General. The reason we are given by Keystone Shipping is that we have a large outstanding sum in dispute with them over the "KEYSTONE CANYON" conversion. Until this difference is resolved or their policy changes, they will continue to direct work elsewhere. If you, Herb, and Bill Johnston concur so that it would not disrupt other ongoing discussions, I would like to question Keystone myself about the wisdom of this practice. As you recall, when you first asked me to do this report it was because Keystone had awarded other work on the Antigun Pass to Cascade because we were "too busy and did not have enough personnel".
- 2. PRINCE WILLIAM SOUND Keystone/Sun Shipping; This project was directed to Cascade General by Sun Shipping. This project is the last Sun Shipping project on the PRINCE WILLIAM SOUND. Quintin Watt is working to at least create an opportunity for us to compete against Cascade General who has had a lock on this account historically (for the last 3 years and prior to that time Sun's work was negotiated with Dillingham).
- 3. U.S.N.S. NORTHERN LIGHT American President Lines; We were called by Felix Childs and asked to quote a rate. The rate we quoted was the same as that on the CAPE ISABEL. The job was awarded to Cascade General. We are left to assume they offered a lower rate.
- 4. I have been advised by Nick Calley that we have declined the opportunity to do several waterfront projects outside the shippard. We declined for lack of available personnel.

cc: Herb Engel Bill Johnston

SOUTHWEST MARINE DIVISIONS: SAN DIEGO . SAN PEDRO . SAN FRANCISCO . SAMOA . NORTHWEST MARINE, PORTLAND, OREGON

	T MARINE ED DECEMBER 31, 1990	)	05-Oct-90	•												
PERATING	G PLAN FY 90		1	1						INPUT FO	ORECAST	/ACTUAL	S SECTIO	N		
_	owne	_		LABOR HE	S (1,0	00's)										TOTAL
X.	VESSEL NOME	START DATE	END DATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC	FY HOURS
WARDED	COMMERCIAL TANKER	_	1	1												
	MISC 25 20	8	S I	1												
	MISC	01-Jan-90	31-Dec-90	10.3	7.4	3.3	4.5	2.3	2.4	4.2	3.7	3.7				41.7
4204	TUSTAMENA (1ST)	15-Jan-90	06-Apr-90	0.3	4.4	0.3	0.1									5.1
4713	MALASPINA	20-Jan-90	10-Jun-90	1	0.7	6.4	6.5	6.9	1.0	0.0						21.5
4720	COLUMBIA	14-Feb-90	19-Apr-90	1	4.1	9.3	4.2		0.0							17.6
4717	LION OF CAL.	18-Apr-90	04-May-90	1			12.7	2.7								15.4
4721	SANSINENA II	30-Apr-90	19-May-90	1			0.6	13.0	0.0	0.0	0.0					13.7
4724	BROOKS RANGE	27-Máy-90	25-Jun-90	1 ,		0.2	1.0	11.9	37.8							51.0
4726	SEALAND HAWAII	11-Jun-90	11-Oct-90	1 ′					22.1	34.1	49.3	28.8	15.8			150.0
4728	COAST RANGE	-	30-Aug-90	•			0.3	1.3	1.7	0.9	23.0	0.0				27.2
4723	ARCO CALIFORNIA		30-Jul-90	•				0.0	2.2	46.9	0.0					49.1
4729	KEYSTONE CANYON	_	21-Oct-90	•					0.2			107.2	53.9			250.0
4727	SIERRA MADRE	11-Ju1-90	03-Aug-90	1				1.5	1.7	21.0	3.6					27.8
4712	TUSTUMENA (2ND)	18-Oct-90	15-May-91	!			0.2	0.0	0.0	0.0	0.0	0.0	10	10.0	10	30.3
INAWARDED	D COMMERCIAL		ا !													
	VARIOUS	01-Jan-90	31-Dec-90	•									15.0	15.0		30.0
	CORNUCOPIA	01-Dec-90		•									20.0		15.0	15.0
WARDED	COMMERCIAL CRUISE		 						•							
4000	CONSTITUTION	11 1 00	00 5-5 00 1	•	7.6							-				61.1
4908	CONSTITUTION		02-Feb-90	•	7.6											
4909	NIEUW AMSTERDAM	13-May-90		•			0.3	13.4								13.6
4921 4283	WESTERDAM VIKING SUPPORT		30-Sep-90   31-Dec-90	•					0.1	•	0.0	13.7	5	20	15	13.7 40.0
			·													
JNAWARDED	COMMERCIAL CRUISE		 	-												
	INDEPENDENCE	01-Nov-90	•	•						_						
	NOORDAM	09-Sep-90		•					0.1	0.0						0.1
	ROTTERDAM	28-Sep-90	07-Oct-90	!												
WARDED	GOVERNMENT		 													
			·	İ												
5507	SHOSHONE	03-Jan-90	•	•	3.6											14.6
5004	USS WM STANDLEY		•	•		0.6	4.4	10.4	32.6	44.8	65.8	72.3	65.0	70.0	50.0	416.0
5508	USNS CAPE ISABEL	10-Aug-90	21-Aug-90	İ							12.6	0.0				12.6
5509	USNS NORTHERN LIGH	-		1							1.8	6.7				8.4
NAWARDED	O GOVERNMENT		 													
	VARIOUS	01-Jan-90	31-Dec-90	1 1 -												
										******						
ACKLOG:		AWARDED:	 	1   75	28	20	35	63	102	152	248	232.4	150	100	75	1,280

		i															11
	TOTAL	WORK	-	75	28	20	35	63	102	152	248	232.4	. 165	115	90	1,325	H
		I									*****			*****	****		$\Pi$
		I	1														11
CONTRACT TYPE TOTALS:	COMM.	TANKER	1	11	17	20	30	40	69	107	168	140	95	25	25	745	11
	COMM.	CRUISE	1	54	8		0	13	0	0	0	14	5	20	15	129	11
	GOV'T	1	1	11	4	1	4	10	33	45	80	79	65	70	50	452	11
		1															П
	TOTAL	WORK	1	75	28	20	35	63	102	152	248	232	165	115	90	1,325	11
		1	1														11
		· I															П
	GRAND	TOTAL	1	75	28	20	35	63	102	152	248	232	165	115	90	1,325	П

#### **PORTLAND DIVISION**

The Portland, Oregon division, Northwest Marine (NWM), is located on the Willamette River, at the Portland Ship Repair Yard (PSRY). NWM maintains its own production shops and administrative areas, but leases drydock and pier space from PSRY. Exhibit PO-1 provides an overview of the NWM/PSRY facility, which has three drydocks to 85,000 tons, crane service to 120 tons, and full temporary services support. Exhibit PO-2 displays the major shop equipment available to support the program. Exhibit PO-3 displays the current production manpower for NWM. The extensive transportation fleet of trucks, buses, mobile offices, and other portable support equipment maintained at all Southwest Marine divisions is particularly important to NWM since it allows that division to support pierside repair programs in the Seattle area, which is only a three hour drive from Portland.

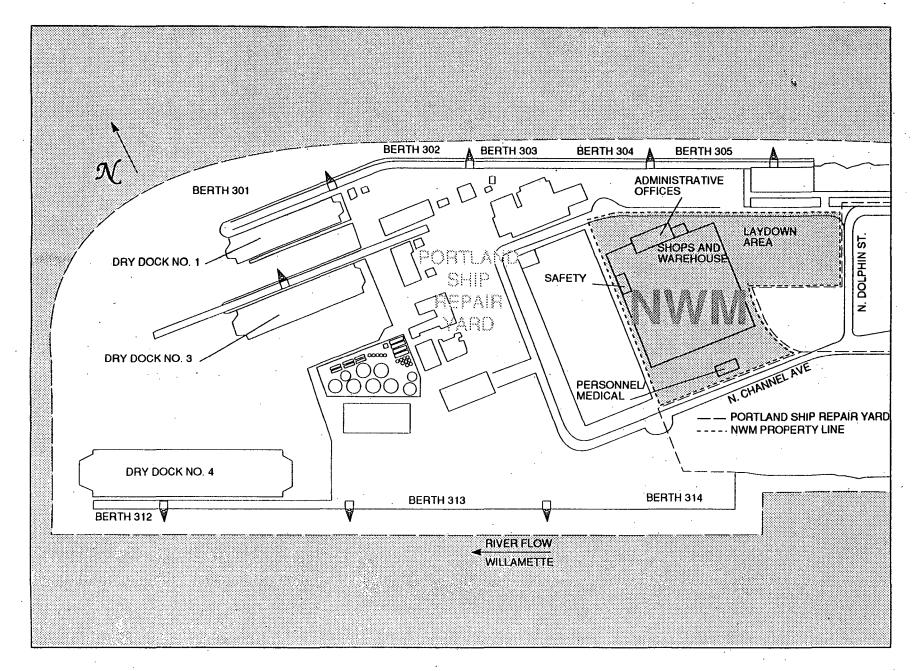


Exhibit PO-1
Portaind Division

#### Exhibit PO-2(1) Portland Shop Equipment

#### MACHINE SHOP

SHOP SIZE CRANES

30,000 SQ FT

3-5 TON OVERHEAD BRIDGE CRANES

1-20 TON OVERHEAD BRIDGE CRANE

14-2 TON, 2-5 TON JIB BOOMS

STORAGE-

(1) TOOLS

(1) 2,300 SQ FT AND 192 SQ FT PORTABLE TRAILER

(2) 5.170 SQ FT (2) MATERIAL

LAYDOWN AREA

3,000 SC FT OF BREEZEWAY AND

5,000 SQ FT OF SHOP FLOOR

MAJOR MACHINERY

STEP TOE SHAPER

RADIAL DRILLS 1 EA. PLAIN MILL

BRIDGEPORT MILL 1 EA.

1 EA. 1 EA. LATHES NIBBLER

HORIZONTAL BORING MILL HARD SEAT SURFACE GRINDER 1 E A.

VALVE TEST BENCH TO 2' 3000 PSI VALVE TEST BENCH TO 2'-30' 1600 PSI

1 EA. 1 EA. HYDRAULIC PRESS
PEDESTAL GRINDER
FRICTION CUT-OFF SAW

1 EA.

METAL BAND SAW

7 CARBIDE TOOL GRINDER 6' BENCH GRINDER

1 EA. 1 EA.

3 STAGE HYDRAULIC FLUSHING AND TESTING UNIT DRILL SHARPENER

1 EA. DRILL SHARPEN 1 EA. TOOL GRINDER

#### TEST EQUIPMENT

(1) FACILITIES

ENVIRONMENTALLY CONTROLLED CALIBRATION LABORATORY CONFIGURED TO NATIONAL BUREAU OF STANDARDS REQUIREMENTS

(2) SPECIAL

VALVE TEST STAND TO 30" @ 1500 PSI, PUMP TEST STAND WITH CERTIFIED POWER SUPPLY, 1000 GPM CAPACITY FOR ANY MEDIUM, CALIBRATED FLOW

TANKS

PIPE SHOP

CRANES

SHOP SIZE 30,000 SQ FT

1-5 TON OVERHEAD BRIDGE CRANE

1-10 TON OVERHEAD BRIDGE CRANE

5-2 TON JIB BOOMS

STORAGE

(1) TOOLS

(1) 1,440 SQ FT AND 192 SQ FT PORTABLE

TRAIL FR (2) 2,764 SQ FT

(2) MATERIAL LAYDOWN

AHEA

6,000 SQ FT OF BREEZEWAY AND 5,000 SQ FT OF SHOP FLOOR

MAJOR MACHINERY

1 EA. RIGID 535 THREADER 1 EA. RIGID 444 THREADER 1 EA. OSTER THREADER 1 EA. TILTING ARM BAND SAW

ABRASIVE CUT-OFF BENCH GRINDER

1 EA.

1 EA. BENCH BUFFER 2 EA. ENERPACK BENDER 1 EA. ZERO PEEN SANDBLASTER

WELDING POSITIONERS: 300, 2500, AND 3000 LB, CAP.

1 EA. TURNING ROLLS 2000 LB. CAP.
1 EA. PANOJIRIS WELDING POSITIONER
1 EA. TITANIUM WELDING BOOTH

1 EA. HELIASIC WELDER 1 EA. PLASMA CUTTING EQUIPMENT 1 EA.

3000 PSIG HYDRO TEST STAND

TEST EQUIPMENT

EIGHT WELDER CERTIFICATION TEST BOOTHS. (1) FACILITIES

ONE 3000 PSIG HYDRO TEST STAND.

STRUCTURAL SHOP

SHOP SIZE

CRANES

45,000 SQ FT

2-20 TON OVERHEAD BRIDGE CRANES

STORAGE

(1) TOOLS

(1) 2,300 SQ FT

(2) MATERIAL

(2) 600 SQ FT

AHE A

EIGHT ACRES ADJACENT TO BAY AND 5,000 SQ FT OF SHOP FLOOR

MAJOR MACHINERY

AUDIOGAUGING EQUIPMENT DRILL PRESS

1 EA. 1 EA. 1 EA. 8"X10" BENCH GRINDERS PRESS

BURNING MACHINES 1 FA.

1 EA. VAC-U LIFT MACHINES

20 PLATE ROLL 300 AMP SHORT ARC WELDER 1 EA

HOLE PUNCH 1 EA

BAND SAWS

ALUMINUM WELDERS SUB-ARC WELDERS 1 EA. 1 EA.

DOODLEBUG

1500 TON 30 PRESS BRAKE 1 EA

20' SHEAR 1 EA.

#### Exhibit PO-2(2) Portland Shop Equipment

#### **ELECTRICAL SHOP**

SHOP SIZE

CRANES

15,000 SQ FT

1-10 TON OVERHEAD BRIDGE CRANE

1-5 TON OVERHEAD CRANE

STORAGE

(1) TOOLS

(1) 2,000 SQ FT (ENCLOSED/LOCKABLE) (2) 2.325 SQ FT (ENCLOSED/LOCKABLE)

(2) MATERIALS

LAYDOWN AREA

3.000 SQ FT OF BREEZEWAY AND 3.000 SO FT OF SHOP FLOOR

MAJOR MACHINERY

ADDRESSOGRAPH MACHINE AC DC MG TEST PANEL GRINDERS

1 EA.

1 EA.

WELSAW BAND SAW
MILLER WELDER 400 AMP
DISPATCH OVEN
ROOVERS TAPE WRITER 1 EA.

1 EA.

DRILL PRESSES

TRINCO DRY BLASTER

CROSS CUT SAW OXYGENIACETYLENE TANKS RIGID PIPE THREADER 1 ĒA.

1 EA.

2000 KW SALT-BCX 2 EA.

TEST EQUIPMENT

(1) FACILITIES

ELECTRONIC TEST BENCHES WITH AC/DC POWER

SUPPLY. TWO 2,000 KW SALT BOXES

(2) SPECIAL

1,500 SQ FT CONTROLLER OVERHAUL FACILITY

BAKE OVENS

SHEETMETAL SHOP

SHOP SIZE

CRANES

15,000 SQ FT

1 OVERHEAD BRIDGE CRANE

STORAGE

(1) TOOLS (2) MATERIAL (1) 700 SQ FT (ENCLOSED/LOCKABLE) (2) 300 SQ FT (ENCLOSED/LOCKABLE)

LAYDOWN

3,000 SQ FT OF BREEZEWAY AND

3.000 SQ FT OF SHOP FLOOR AREA

MAJOR MACHINERY

600 AMP WELDERS

35 TO 460 AMP MIG WELDER PA-3A WIRE FEED MIDGET WIRE FEED

1 EA.

PORTABLE MIG WEELDER MUBBA IRON MARKER

1 EA.

12 X 200 TON PRESS

1 EA. 1 EA. 1/4" X-10" SHEAR METAL BAND SAW

1 EA.

1/2 BENCH DRILLS 1 EA.

1 EA.

FLANGE PUNCH
54° POWER ROLL
34° HAND ROLL
36° HAND ROLL
NIBBLER 1 EA. 1 EA.

SPOT WELDER

48" BOX BRAKE

1 EA. 1 EA. GRINDERS

1 EA. 4 EA.

SANDERS PLASMA CUTTERS

TEST EQUIPMENT

SPECIAL

FLOW HAND VELOMETER, CYCLOMETER, ANOMETER (ALL CALIBRATED)

NOTE:

- ALL LISTED MACHINERY AND SPECIAL EQUIPMENT IS PERMANENTLY OWNED BY NORTHWEST MARINE, INC.
- WORK NEEDING SPECIAL EQUIPMENT NOT OWNED BY NORTHWEST MARINE, INC. WILL BE SUBCONTRACTED OR SPECIAL TOOLS WILL BE LEASED.

## Exhibit PO-3 Portland Division Production Manpower

	,		PRODUCT	ION CRAFTS	<b>3</b>			
	STRUCT	MACH	PIPE	ELECT	SHEET METAL	OTHER	PROD . SUPPORT	TOTAL
PERSONNEL CURRENTLY ON-BOARD	226	48	114	69	120	182	98	857
SOURCES: RECALL FROM LAYOFF	173	122	115	50	58	257	N/A	775
UNSOLICITED APPLICATIONS	N.A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LOCAL LABOR MARKET **	450	150	175	11	192	293*	N/A	1,271

NOTES:

\* INDIRECT PERSONNEL

<sup>&</sup>quot; CURRENT INFORMATION SUPPLIED BY CALIFORNIA EMPLOYMENT DEPARTMENT

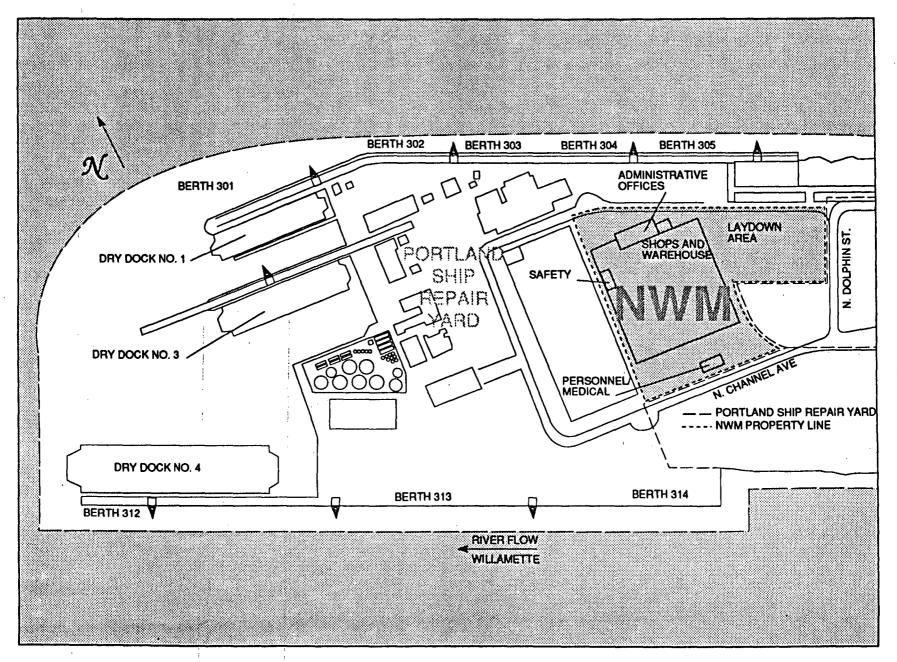


Exhibit 3.1-1
Portland Division (NWM)

## Action Items Future Commercial Work

American Hawaii CONSTITUTION docking

Arco ARCO JUNEAU will dock March 1993

Arco ARCO TEXAS will dock May 1993

Arco ARCO PRUDOE BAY will dock June 1993

Arco ARCO SAG RIVER will dock in 1994

Carnival JUBILEE will be docked September '93

Kloster Cruises SOUTHWARD

London CABLE VENTURE will dock in mid/late October or

November

London Nedlloyd NEDLLOYD MADRAS docking

London P & O FAIR PRINCESS

Maersk Lines - 3 ships to be converted to Ro-Ro

in March

Marketing QUEEN MARY sale by the City of Long Beach

Matson KAUI bid due September 14

Matson MANULANI will dock in December 1992

Matson KAINALU will be laid up December 24, 1992 -

January 13, 1993

Manukai will dock February 28, 1993 - May 14,

1993

Matson LURLINE will dock in May 20, 1993 to July 14,

1993

Totem WESTWARD VENTURE docking

40 /			Joh	Job	FY 89	Act	Act	Act	Act	FC	FC	DC	FY 90	Visco !	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	BC [	FY 91	Latest	FF 90	FY
Joh &	Vessel	Owner	Start	Comp.	Hrs	FYTD		Aug	Sep	Oct	7.67			Jess	Feb	Mar		May		Jol	Aug	Sep	Oct		100000000		EACRE	Recov.	R
4908	10 X 0 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Amer. Hawnii	1/90	2/90	1 4113	61	201	PWIZ	Sch	Ott	1404	DOS	64	A CONTRACTOR OF THE PARTY OF TH	A 5344	APACAL	2.00	InterA	3000		CHAR	Sep	<u> </u>	100/4	-	0	\$39,63	\$2,418	
4909	THE RESERVE AND ADDRESS OF THE PARTY OF THE	THE RESERVE AND THE PROPERTY OF THE PARTY OF	5/90	5/90	S 47.22	14		71.750.7.				2.75	14				(Z) 2002					30.00				0	\$68.88	\$975	******
4707	Westerdan	Holland (CCL)	9/90	9/90		1	4.200	M. Cortis	14	Martine.	OFFI AT IN		18	- 1	1903	2577550			X-2000		Vicinia de la composición dela composición de la composición de la composición dela composición dela composición dela composición de la composición de la composición de la composición de la composición de la composición de la composición de la composición de la composición de la composición de la composición de la composición dela composición de la composición de la composición de la com	145,675,46	geneen.	J. 1955	63233		\$45.00	\$614	1
enta)		nomin (cct)	7/70	34.30					14			77.0	0													0			
	V. Screnude	RCCL.									30	30	60													0	\$40.00	\$2,400	
	Independence	Amer. Hawaii									30	-	0	35												35	\$40.00		
	All Other Comm.	Cruise:				1							1													0	\$10.00	\$10	
		Total Comm. Crais	<b>a</b>			76	0	0.	14	0	30	30	150	35	0	0	0	0	0	0	0	0	0	0	0	15		\$6,417	
																								1	lvg C	Imise Re	cev:	\$42.83	
	Tustumenn	Alaska	le en en	l e	1	6				- 20	20	20	66	20	20	10										50	\$38.00	\$2,489	
4713	Malospina	Alaska	***********	A.A.T.C.T.T.T.T.	1	22	200420074200	economic acom		elicowys/s			22		1 1 1 2 2		VAC-1-1-1-1			MATERIAL SAF				10.00 p.eq 1900 p.ed		0	\$58.23	\$1,258	
4717	Lion of Calif.		4/90	5/90		15							15													0	\$43.28	\$665	
4720	Columbia	Market State of the State of th		Telline.		18							18								a.c.es. 160/177					0	\$45.99	\$810	
4721	Segsinone II	West Coast Shp	4/90	5/90		- 14							14													0	\$46.58	\$636	
4724	Brooks Range	IOM	5/90	6/90	100	50							- 50										AT PROPERTY OF			0	\$42.46	\$2,111	
4719		West Coast Slip	6/90	8/90		3	1	23					27													0		\$983	
4716	and the second s	West Coast Shp	7/90	8/90		4	21	4					29													0	\$36.00	\$1,051	in a
	Cornocopia	AST 1000	10/90	10/90						15			15					97.7.300.								0	\$37.00	\$555	
4726		Scaland	6/90	10/90		22	34	49	29	16	C-157974-7557	50.00-60.00000	150			Continue of the	ATTICZZIONIO	the Augusta		(200 meneral)	9.15.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a 20.000 a		even stage	0,400,96555342		× 0	\$26.00	\$3,897	N 1.1
5508	Capo Isabello	Amer Pres Lines						13					13													0	\$55,59	\$699	
4723	NAME OF THE OWNER, AND ADDRESS OF THE OWNER,	ARCO	6/90	7/90	Top Not Service	2	47			PRODUCTO	a provinced	A STATE OF THE PARTY OF THE PAR	49			1.00.0000	*********	9800-AUX			MANAGE SANS	AT 112.00	SASSE LITT	266000K.C		0	\$34.21	\$1,683	
	Keystone Cenyon	Keystone Shipng	8/90	10/90			1	89	107	93			290													<b>*</b> 0	\$28.00	\$8,120 \$966	
5507 5509	USNS Shorhouc Northern Lights					15		1	7				15 8 0 0 0													0 0 0	\$66.35 \$42.37	\$326 \$0 \$0 \$0 \$0 \$0	
	All Other Commer	cial Tukr/Cargo; Total Non Craine C				30 200	104	4	44 187	144	20	20	0 0 0 78 857	20	20	10	0	0	0	0	0	U		0	0			\$0 \$0 \$0 \$3,354 \$29,604	
								and descriptions			and a second													Avg No		uise Roc		\$34.55	
		Potal Commercial	St. Str. Bankake, A.			276	104	183	200	144	50	mahabhahin kindi	1,007	55	20	10	0	0	0	0	0	0	0	0	0	A CONTRACTOR OF CO.	TH RR\$	\$36,021	
(Fre	om Page 2)	Total Targeted Un	awarded:			0	0	0	0	0	0	15	15	30	30	40	70	70	70	80	100	130	130	100	90	940	Roc Rate:	\$35.78	
																1			2.5			1 3 3 1					Var Cost:	\$28.00	1

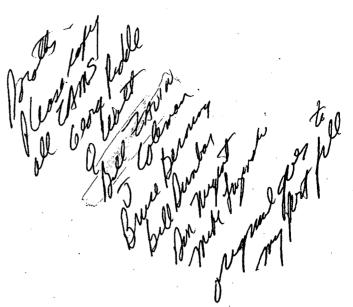
	PDATED ON:	Oct 24, 1990	Job	Job			Art .		NORTH													>>>>>>	> EV 0		FY 90	FY!
	Vessel	Owner	Start	R. Andrews	Rate	A STREET OF STREET			Wall of the same o		\$12	Total					May Jun					Nov De			Recov.	Rec
				1.																						
	Cable Venture									30	20	50													- an	
	Trader	Scaland	-						10	10	-	20			-			-					1 0	,	\$0	
	Enterprise	Scaland								10	10	20						1					0	-	30	
	Pacific	Scaland	LOST	- CAS	CADE				10	10		20									ENGL		0		\$0	
	Nomed											0											0	)	\$0	
	Getlahed											0											0		\$0	-
	UltraSca											0											0		\$0	
	Mobil Arctic		-								-	0			-								0		\$0 \$0	-
	Teinidad Vessel				\$35						15	15												The state of the s	\$525	
	ARCO Texas									25	20	45											0	All series	\$0	
						510						0			1						and de		0		\$0	
	Regent Sen					10.25	REFE					0					12						12	The state of the state of	\$0	
	Antigue Pass	Magazine					NOTE IN					0								188,8	7,533				\$0	-
	Kodisk	Scaland				N -012						0								1			8 8		\$0 \$0	
	Anchomes Tacome	Sealand Sealand			-							0			-			-						3	\$0	-
	Direct Kea	Scaraiki										0				9									30	
	Direct Kookaburra										T	0				9							5	,	30	
	M/V Jubilee											0									15		15	5	\$0	
	Westward Venture			7 0						j, a		0				3.1							6 6	100	\$0	
			-									0						-					- 0		\$0	-
	Cruise Lines:											0											1			1
				N/O								0											0			
												0											0			
	Tankers:				1.0							0											1	)		
				P. A								0											0	2		
	Et-PR											0														
	Ferries/Tugs:											0						1					1			
												0								7.0			1			
	Cargo:			13823					200			0											1	)		
				12.49					2			0						DI					1	)		
	Foreign Flag:								20 13			0											1		144	1
FIRST	DENTIFIED AT TH	TO TURNET DE VICE	200 2000	ABEAR	dan			- 14				0	20	20	40	70	70 7		100	120	130	100 (	0 940	-		\$36
OM	DENTIFICATION AT IN	to TIME - PLUG	10 800	ARS II	\$39						-	0	30	30	-50	M	70 N	- 80	100	1.30	1.30	100 3	0 340			Mark
		Total Pending Con	nonercial	Work:		0	0 (	0	20	85	65	170	30	30)	40	88	82 7	) Br	100	130	145	100 12		RR S	3525	10
(To	Page 1)	Total Targetol U				0	0 (		CONTRACTOR OF THE PARTY OF THE	0	15	15	Address of the Control of the Control	30			70 7		100		COLOR STREET	CONTRACTOR OF THE PARTY OF THE		R Rate	A CANADA CONTRACTOR OF THE PARTY OF THE PART	
and the last			****	Co. C. Standards		Manage .	manage and the Americans		ALADAM SALAMAN			1	The state of the s		TO SECURE A SECURE	Section of the sectio	1 % of P	A CORD SHALL A SHALL SHALL	shift national Association (but and		N 30 MI - 1	93%	EL CARL TALL TO SEE	Bryn S:	3105	



Box 3529 Portland, Oregon 97208 503/231-5000 TLX: 474-2039

November 2, 1990

Bill Johnston Northwest Marine, Inc. 5555 N. Channel Ave., Bldg 2 Portland, OR 97217



#### IMPLEMENTATION OF NEW FACILITY AGREEMENT AND PRICE SCHEDULE

The new PSRY Facility Agreement became effective November 1, 1990. This letter describes the procedure for implementing the new Facility Agreement and the new Price Schedule, specifically how these agreements relate to ongoing work in the yard.

#### Facility Agreement

November 1, 1990 is the implementation date for the new Facility Agreement. Projects bid or awarded prior to November 1, 1990 will be governed by the old PSRY Use Agreement. This will continue through the life of the project or 365 days from November 1, 1990, whichever is sooner. Any projects bid or awarded after November 1, 1990 will be governed by the new agreement.

The new Facility Agreement will not supercede any prior debt settlement agreements or payment restructuring agreements. In cases of conflict between the agreements, the Settlement Agreements with the earliest date will prevail.

PSRY requires a list of projects to be grandfathered under the old Agreement, please provide the Port with a list of all projects that have been awarded and projects for which you have submitted a bid. The Port will then prepare a master list of projects which will be distributed to the contractors.

#### Price Schedule

reference in the state of

December 1, 1990 is the implementation date for the new PSRY Price Schedule which replaces Tariff 37B. Any projects bid or awarded after this date will be subject to the new price schedule. Projects bid or awarded prior to December 1, 1990 will be charged according to Tariff 37B and will be assessed a 5.7% use fee on gross billings.



Port of Portland offices located in Portland, Oregon, U.S.A., Boise, Idaho, Chicago, Illinois, Washington, D.C., Hong Kong, Seoul, Taipei, Tokyo

November 2, 1990 Page 2

From December 1, 1991, all projects will be governed by the new Facility Agreement and charged according to the rates in the new Price Schedule, except for those projects specifically exempted by the Port.

The next few months will be a period of adjustment for the Port and contractors. We appreciate your cooperation in working with us through this transition.

If you have any questions regarding the implementation of these agreements, please call me at 231-5598 or Emily Erzen at 231-5486.

Jeff Twine

Operations Manager

Portland Ship Repair Yard

#### BRIEFING PAPER

#### VIKING SERENADE

#### CONVERSION CONTRACT

I.

#### CURRENT STATUS

Fixed Price (including changes negotiated to date:

\$63,000,000

Redelivery Schedule:

May 5, 1991

Estimated cost at completion (excluding any effects of weight discrepancy):

\$75,000,000

Estimated redelivery date:

(1) Excluding any effects of weight discrepancy) based on acceleration to overcome effects of changes:

May 5, 1991

(2) Including effects of weight discrepancy:

?

II.

PRICE ADJUSTMENTS TO BE NEGOTIATED OR ARBITRATED (EXCLUDING CHANGES DUE TO WEIGHT DISCREPANCY)

Total estimated amount of Shipyard and subcontractors' claims:

\$16,000,000

Principal bases for price adjustments--additional work beyond scope of specifications:

In general:

It is SWM's understanding that this is a fixed-price contract for a fixed, known scope of work. The Contract recites that the Contract Works are "detailed" in the specification and plans. The specification recites that the specification and annexes form the basis of the scope of the conversion work.

4060004

In simple terms, work that is not mentioned in the specification and annexes is out of scope.

Based on that standard, the following comprise additional work for which SWM is entitled to compensation:

#### Elevator Door Changes (Decks 3 and 4)

The specifications cover elevator door changes for Deck 9 but not on Decks 3 and 4. RCCL has ordered the changes and apparently contends that the drawings show the changes or that they are required by "general intent." SWM flatly disagrees. The drawings do not distinguish between new and existing configurations. Only the specifications provided that information for bidders.

SWM is prepared and is planning to arbitrate this matter immediately.

#### Owner's Architect Changes to Accommodation Cabins

The contract specification for cabins was highly explicit. It required purchase from HW Metallbau and incorporated Metallbau's quote <u>as</u> a specification (<u>Annex 7</u>, Item 11). Owner's architect changes have increased Metallbau's price by a currently estimated \$2 million. SWM considers all charges in excess of Annex 7, Item 11 quotation to be for Owner's account.

#### Owner's Architect Changes to Common Areas

Major changes include:

20 percent materials overdue allowance.

Increased complexity of Decks 3 and 4 stair tower.

Additional fire bulkhead for perfume shop.

Additional fire door at Deck 5 dining room.

Increased complexity of conference center.

Crown Room vent duct changes.

Pantry storage bulkhead changes.

Solid teak ceiling added to deck underside in outdoor cafe area.

SWM and Hopeman Brothers estimate that total changes approximate \$4 million.

#### Structural Changes

SWM's bid was based on structural weight estimates provided by RCCL. Those estimates were uniformly low. Actual weights exceed bid factors by up to 105 percent (ducktail).

#### Structural Design Delay Impact.

Elomatic Oy's preparation of bow structure drawings was delayed by late receipt of offsets and model tests. This has resulted in acceleration out-of-sequence work and multiple shipments of bow and structural assemblies.

#### Other Design Delays.

Many Elomatic drawings were late, according to Elomatic, due to Owner's architects. This has resulted in acceleration out-of-sequence work and inability to prefabricate pier schedule.

III.

#### WEIGHT DISCREPANCY PROBLEM

The ship's light weight as delivered to the Shipyard exceeds the specification's representation by some 745 metric tons (16,627 actual vs. 15,882 specified). That discrepancy will require significant design changes to account for varying stability characteristics.

Given the current intense level of man-loading of the Vessel, it is highly unlikely that the necessary changes can be designated and accomplished within the existing schedule without extensive overtime, skill dilution (i.e. use of second and third rank workers) and disruption of existing tasks.

SWM cannot afford to undertake the risks of further huge cost and schedule variations due to these unforeseen problems. This is particularly so in light of the Owner's current positions (as exemplified by the elevator door change controversy) that SWM assumed not only the cost risks of accomplishing what was specified, but also the risks that what was specified was adequate to the Owner's desired end result; that is, the risk of having to perform unspecified work. SWM disputes the Owner's position but foresees that it will lead to extensive arbitrations and consequent delays before SWM gets paid. The cash-flow and financing burdens that will be imposed by those Owner's positions make it imprudent for SWM to assume any additional cost or schedule risks.

IV.

#### ALTERNATIVES FOR CONTRACT CONTINUATION

The existing circumstances of forecast cost overruns and impending disputes over responsibility for those costs, together

4060004 -3-

with unknown additional design requirements leave SWM and RCCL with the following alternatives:

#### A. Present Circumstances:

- SWM will initiate arbitration on elevator doors immediately.
- 2. SWM will initiate arbitration on all other issues as soon as escalated unsuccessfully to R. Glasier. Based on present postures, issues in arbitration may exceed 100.
- SWM can accept no further changes without maximum risk protection (i.e. most pessimistic estimates of cost and time).
- RCCL has price uncertainty due to mandatory changes and arbitration risks.

#### B. Contract Type Conversion:

- Convert to fixed-price incentive contract.
- All changes to date subsumed.
- RCCL pays no more than actual cost plus incentive profit.
- Contractor has incentive to reduce costs.
- RCCL liability capped

Attached sample contract clause is based on Federal Acquitision Regulations, copies attached.

## AMENDMENT NO. TO AGREEMENT DATED AUGUST 3, 1990 FOR THE CONVERSION OF M.V. VIKING SERENADE

## CONTRACT PRICE FIXED PRICE INCENTIVE

BY MUTUAL AGREEMENT OF THE PARTIES, the Contract is hereby converted from firm-fixed-price to a fixed-price incentive contract.

ARTICLE II

SECTION 1

"Contract price" of the Contract dated August 3, 1990 is hereby deleted and replaced by the following:

SECTION 1

CONTRACT PRICE-INCENTIVE PRICE REVISION

A. <u>Price</u> .	Target C	ost, Tarqe	t Profit,	Share	Ratio	and	Ceiling
		get Cost: get Profit:		\$\$			
		e Percenta ing Price:	ge:	\$	<b></b> %		
Contract clause, <u>p</u> the Cont [Specific [specific	Works is rovided the ract Worations, Seations, Seations,	The price subject to nat in no eks (excluec. 1.14], and exceed the	revision vent shall sive of miscellane modificat	in act the to budget ous ite	cordance otal fix price of the	ce winal per inal per	th this price of ncreases ustments the date
C. allowable Acquisiti Contract.	<u>Definitic</u> costs i on Regula	on. "Cost n accorda tion (FAR)	s," as us nce with in effe	ed in Part 3 ct on	this c 1 of the d	lause the ate	, means Federal of this
D.	Data Subm	nission.					
Shipyard		in 90 days		elivery	of the	e Ves	sel, the

- (ii) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work.
- (2) <u>Audit</u>. Owner shall have the right to verify Shipyard's statement of costs by audit of independent CPAs retained by Owner. All detailed cost information provided to Owner's CPAs shall be treated as strictly confidential and Owner's CPAs shall agree not to disclose such details to anyone except that Owner shall be entitled to a summary report of costs incurred by major category. In the event that arbitration is required, detailed cost information furnished to Owner's CPAs may be disclosed to Owner's legal counsel and to the arbitrator or arbitrators. Owner's audit, if any, shall be completed within 90 days of Shipyard's submittal of its statement of costs.
- E. <u>Price Revision</u>. Within 120 days after Owner's receipt of the data required by paragraph D(1) above, the Owner and the Shipyard shall promptly establish the total final price of the Contract Works by applying to final negotiated cost an adjustment for profit or loss, as follows:
- (1) On the basis of the information required by paragraph D above, the parties shall negotiate the total final cost incurred or to be incurred for the Contract Works.
- (2) The total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, as follows:
- (i) If the total final negotiated cost is equal to the total target cost, the adjustment is the total target profit.
- (ii) If the total final negotiated cost is greater than the total target cost, the adjustment is the total target profit, less \_\_\_\_\_ percent of the amount by which the total final negotiated cost exceeds the total target cost.
- (iii) If the final negotiated cost is less than the total target cost, the adjustment is the total target profit plus percent of the amount by which the total final negotiated cost is less than the total target cost.
- F. <u>Contract Modification</u>. The total final price as specified in paragraph E above shall be evidenced by a modification to this Contract, signed by the Shipyard and the Owner. This price shall not be subject to revision, notwithstanding any changes in the cost of performing the Contract, except to the extent that:
- (1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of those elements; and

- (2) Adjustments or credits are explicitly permitted or required by this or any other clause in this Contract.
- G. For purposes of the progress payments at 2.(b) below, the Contract price shall be the target price plus target profit.
- H. The balance of the final negotiated contract price in excess of progress payments made shall be paid to the Shipyard within 210 days of redelivery of the Vessel.
- I. The Shipyard confirms that its entry into this Contract is based solely upon the credit of the Owner and not based upon the credit of the Vessel. The Shipyard expressly waives any lien it might otherwise have had on the Vessel. The Shipyard shall be required to include the same waiver of the credit of the Vessel and waiver of lien by all subcontractors and suppliers in all

subcontracts and purchaser orders.

## AMENDMENT NO. 1 TO AGREEMENT DATED AUGUST 3, 1990 FOR THE CONVERSION OF M.V. VIKING SERENADE

## CONTRACT PRICE FIXED PRICE INCENTIVE

BY MUTUAL AGREEMENT OF THE PARTIES, the Contract is hereby converted from firm-fixed-price to a fixed-price incentive contract.

#### ARTICLE II

#### SECTION 1

"Contract price" of the Contract dated August 3, 1990 is hereby deleted and replaced by the following:

#### SECTION 1

#### CONTRACT PRICE-INCENTIVE PRICE REVISION

A. <u>Target Cost</u>, <u>Target Profit</u>, <u>Share Ratio and Ceiling Price</u>.

Target Cost: \$68,000,000 Toll Share Percentage: 50% Ceiling Price: \$80,000,000

- B. <u>General</u>. The price to be paid to the Shipyard for the Contract Works is subject to revision in accordance with this clause, <u>provided</u> that in no event shall the total final price of the Contract Works (exclusive of budget price increases [Specifications, Sec. 1.14], miscellaneous item price adjustments [specifications, Sec. 16], and modifications issued after the date of this Amendment) exceed the ceiling price of \$80,000,000.
- C. <u>Definition</u>. "Costs," as used in this clause, means allowable costs in accordance with Part 31 of the Federal Acquisition Regulation (FAR) in effect on the date of this Contract.

#### D. <u>Data Submission</u>.

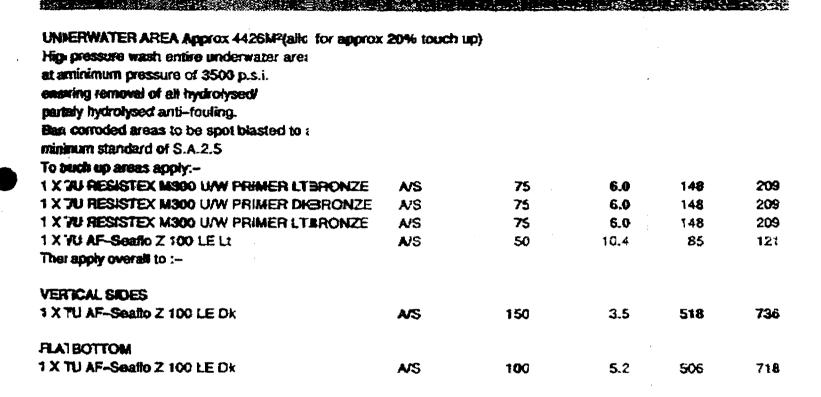
- (1) Within 90 days after redelivery of the Vessel, the Shipyard shall submit to the Owner:
- (i) A detailed statement of all costs incurred in performing the Contract Works; and
- (ii) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work.
- (2) <u>Audit</u>. Owner shall have the right to verify Shipyard's statement of costs by audit of independent CPAs retained by Owner. All detailed cost information provided to Owner's CPAs shall be treated as strictly confidential and Owner's CPAs shall agree not to disclose such details to anyone except that Owner shall be entitled to a summary report of costs incurred by major category. In the event that arbitration is required, detailed cost information furnished to Owner's CPAs may be disclosed to Owner's legal counsel and to the arbitrator or arbitrators. Owner's audit, if any, shall be completed within 90 days of Shipyard's submittal of its statement of costs.
- E. <u>Price Revision</u>. Within 120 days after Owner's receipt of the data required by paragraph D(1) above, the Owner and the Shipyard shall promptly establish the total final price of the Contract Works by applying to final negotiated cost an adjustment for profit or loss, as follows:
- (1) On the basis of the information required by paragraph D above, the parties shall negotiate the total final cost incurred or to be incurred for the Contract Works.
- (2) The total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, as follows:
- (i) If the total final negotiated cost is equal to the total target cost, the adjustment is the total target profit.
- (ii) If the total final negotiated cost is greater than the total target cost, the adjustment is the total target profit, less 50 percent of the amount by which the total final negotiated cost exceeds the total target cost.
- (iii) If the final negotiated cost is less than the total target cost, the adjustment is the total target profit plus 50 percent of the amount by which the total final negotiated cost is less than the total target cost.
- F. <u>Contract Modification</u>. The total final price as specified in paragraph E above shall be evidenced by a modification to this Contract, signed by the Shipyard and the Owner. This price

shall not be subject to revision, notwithstanding any changes in the cost of performing the Contract, except to the extent that:

- (1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of those elements; and
- (2) Adjustments or credits are explicitly permitted or required by this or any other clause in this Contract.
- G. For purposes of the progress payments at 2.(b) below, the Contract price shall be the target price plus target profit.
- H. The balance of the final negotiated contract price in excess of progress payments made shall be paid to the Shipyard within 210 days of redelivery of the Vessel.
- I. The Shipyard confirms that its entry into this Contract is based solely upon the credit of the Owner and not based upon the credit of the Vessel. The Shipyard expressly waives any lien it might otherwise have had on the Vessel. The Shipyard shall be required to include the same waiver of the credit of the Vessel and waiver of lien by all subcontractors and suppliers in all subcontracts and purchaser orders.

# 30 MONTH ABLATTIC SYSTEM FOR THE MV.

BOTTOP AREA Appox 600 M2(Allow for approx 20% to High pressure wash=ntire boottop area	or an				
at a minimum pressre of 3500 p.s.i.				:	
ensuring removal of all hydrolysed/					
partially hydrolysed inti-fouling.					
Bare corroded area to be spot blasted to a					
minimum standard: S.A.2.5					
To souch up areas aply:-				•	
1 X T/U RESISTEX 4300 U/W PRIMER LT. BRONZE	A/S	•	6.0	12	17
1 X T/U FIESISTEX 4800 U/W PRIMER DK. BRONZE	NS	;	6.0	12	17
1 X TAU RESISTEXABOO U/W PRIMER LT. BRONZE	NS	•	6.0	12	17
1 X T/U AF-Seaflo 100 LE Blue	AUS		10.4	7	10
Then apply overall • :-					
BOOTFOP					
1 X T/U AF-Segfio 100 LE Biue	A/S	13	3.5	210	298



# SULZER BINGHAM PUMPS INC.

SUSAN MACDONALD NELSON

March 7, 1991

Mr. William H. Zavin II Northwest Marine Iron Works 5555 N. Channel Avenue P.O. Box 3109 Portland, OR 97208

Dear Bill:

Enclosed are the dock surveys that we discussed at lunch, and a February 1990 bid for resurfacing the dock. I also enclose relevant pages from the two contract proposals made in connection with improvements for MARAD use, showing their estimates for upgrading the dock.

I would appreciate receiving the current Port tariffs at your convenience.

Very truly yours,

Susan MacDonald Nelson

SMN/dsi Enclosures

dsi/smn/spbi/dock/zavin.ltr



Marine and Cargo Surveyors

207 N.E. 83rd Street Vancouver, WA 98665 U.S.A

Office & 24 Hour: (503) 285 - 2246

Office: (206) 574 - 7463

Fax: (206) 574 - 7284

SURVEY REPORT No. 89/2326

M/V PRINCE WILLIAM SOUND

**DOCK CONDITION SURVEY** 

REQUEST OF:

Barber Wilhelmsen Agencies

1750 NW Front Avenue, Suite 104

Portland, Oregon 97209

8

Sulzer Bingham 2800 NW Front

Portland, Oregon 97209

**VESSEL:** 

**Prince William Sound** 

TYPE OF SURVEY:

**Dock Condition Survey** 

DATE(S) OF SURVEY:

July 8, 1989

LOCATION:

Sulzer Bingham 2800 NW Front

Portland, Oregon 97209

ATTENDING SURVEYOR:

**Peter Brauns** 

SEAPORT MARINE SURVEYS, INC.

On behalf of Barber Wilhelmsen Agencies

and Sulzer Bingham

The services of the undersigned surveyor are issued in good faith and are properly executed. Neither the surveyors nor the Office of Seaport Marine Surveys, Inc. are to be held responsible for any judgement, default, or negligence for inaccuracies, omissions, or misrepresentations in this certificate or report.

THIS IS TO CERTIFY THAT the undersigned marine surveyor did attend on the dates and at the locations indicated above in order to survey and report on the condition of the above captioned berth.

#### PARTICULARS OF SURVEY

#### DESCRIPTION

The berth at Sulzer Bingham is a 1200 foot berth. The berth is of wooden construction consisting of driven bearing and batter pilings, cap timbers, bracing, joists, decking, whalers and bull rails. Bents are spaced ten feet apart. The decking of the berth consists of wooden joists and decking.

14" bollards were located as follows:

0 foot mark, 76 foot mark, 110 foot mark, 175 foot mark, 220 foot mark, 270 foot mark, 375 foot mark, 460 foot mark, 525 foot mark, 610 foot mark, 675 foot mark, 790 foot mark, 925 foot mark, 1025 foot mark, and 1190 foot mark.

Mooring Cleats were located as follows:

315 foot mark, 730 foot mark, 850 foot mark, 975 foot mark, 1075 foot mark, & 1125 foot mark.

#### CONDITION:

Visual inspection of the berth revealed that the general condition of the dock was fair. The under-structure was sound. The decking was found to be fair, although loose and/or service worn in places. The bollards and mooring cleats were bolted through the bull rail, joists, and whalers to metal backing plates. The fendering system was in place, but heavily service worn, with some broken/and or missing piling.

#### **DEPTH OF WATER**

No verifiable data as to the depth of water alongside the berth was available. However, the attending surveyor was able to obtain soundings from the Corp of Engineers Indicating that the depth of water fifty feet from the face of the berth ranged from 39 feet to 27 feet (Columbia River Datum) as of January 12, 1989. (See Attached)

## SURVEYOR'S OPINION

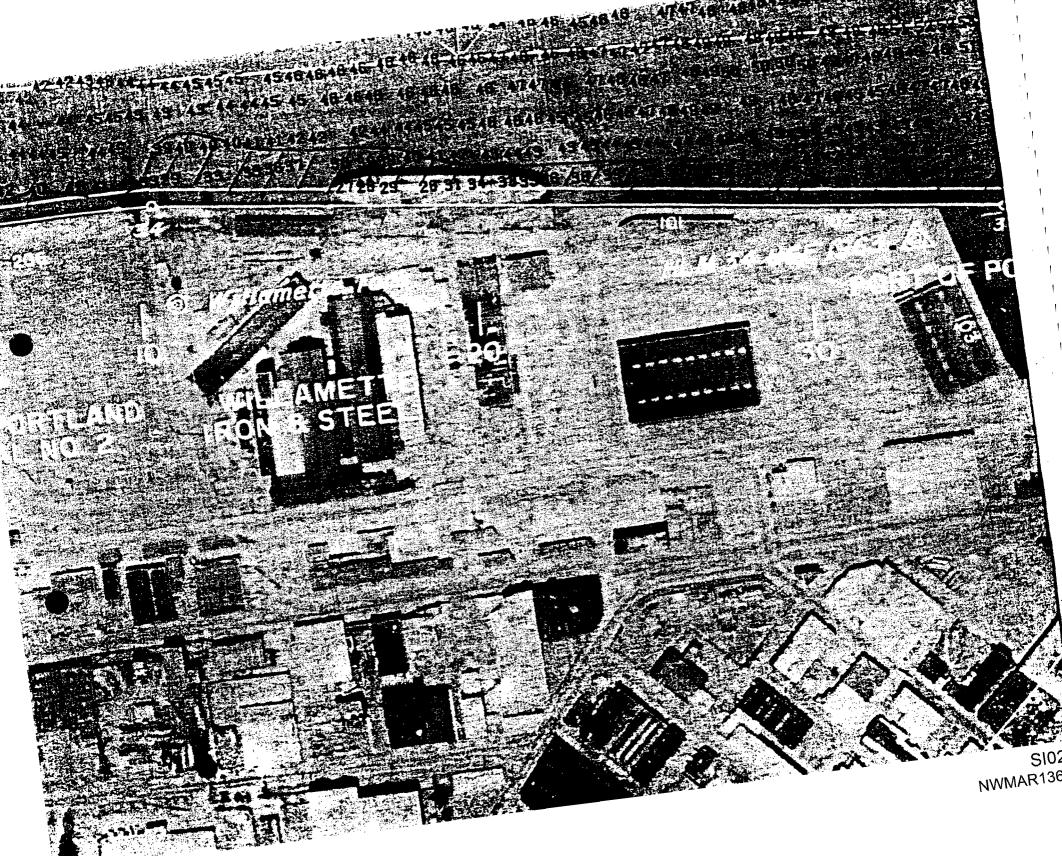
In the opinion of the undersigned the M/V Prince William sound may be safely berth at the above captioned berth provided that the depth of water is as indicated above, and that the mooring lines be properly positioned so as to provided proper distribution of encountered stresses.

# SURVEY MADE AND THIS REPORT ISSUED WITHOUT PREJUDICE

SEAPORT MARINE SURVEYS, INC.

Peter Brauns Marine Surveyor

July 11, 1989



October 27, 1986

Bingham Willamette Attention: Dave Murdock 2800 N.W. Front Avenue Portland, OR 97210

Dear Dave:

RE: Dock Inspection at 2800 N.W. Front, Portland, Oregon Project Number 186528

We have conducted a limited, visual inspection of the existing dock at 2800 N.W. Front Avenue in Portland, Oregon. Our review has revealed the following circumstances:

- 1. The asphalt paved area at the immediate west side of the dock abutting the dock has settled and void spaces are visible at numerous areas along this paved area. We would recommend excavating the loose materials and compacting and installing adequate storm drainage catch basis with extension of these storm drain lines to spill past the last sheet pile retaining wall of the dock system.
- 2. A visual inspection was made of the existing dock system, which is approximately 60 ft. wide and extends approximately 1200 ft. The major portions of decay were observable in the approximately 40 ft. space closest to the on-grade approach to the dock system. The outer-most portion of the dock which supports the craneway appeared to be in reasonably good condition. Minor decay was beginning to occur towards the west portion of this dock where it abutts the innermost 40 ft. Some repairs will be necessary at various portions in this area in the future.
- 3. The southernmost approximately 400 ft. of the dock was in the process of being dismantled and the upper 6 x purlins and deck members were being replaced. These purlins and decking members were severely decayed and replacement at this time is warranted. We would recommend replacement of the purlins and decking material with pressure preservative-treated members.
- 4. Advancing to an area approximately 400 ft. from the south to 600 ft. further north, the dock area consists of steel planks on top of wooden timbers. These timbers were found to be experiencing decay and deterioration. This portion of the deck will require replacement in the future, although it did not appear to be a serious hazard at this time.
- 5. Advancing further to the north, the area between the steel deck area and existing building which was currently being demolished, should be investigated closely and all decayed members replaced. Large areas of decayed timber and decking were observable in this area. They must be replaced immediately as they are currently a hazard for continued use of the dock in this area.

Dave Murdock Project Number: 186528 October 27, 1986 Page Number 2

6. The narrower portion of the deck to the north of the existing building has various random areas where the 4 x decking material has decayed and should be replaced. A storm drain line has become disconnected under the dockway allowing storm water to spill behind the sheet pile cutoff wall. This pipe should be reconnected so that the storm water will drain directly into the river and not tend to wash material from behind the sheet pile cutoff wall.

In general, the dock appears to be in good condition with respect to the main framing members. The decayed areas noted appear to be confined primarily to the decking and the purlin system immediately below the decking. When the repair work as noted in the aforementioned items is complete, entire use of the dock should be possible. We understand the dock's primary use will be the operation of small forklift vehicles and possible short-term parking of passenger vehicles. This appears to be reasonable use for this type of dock system and structure.

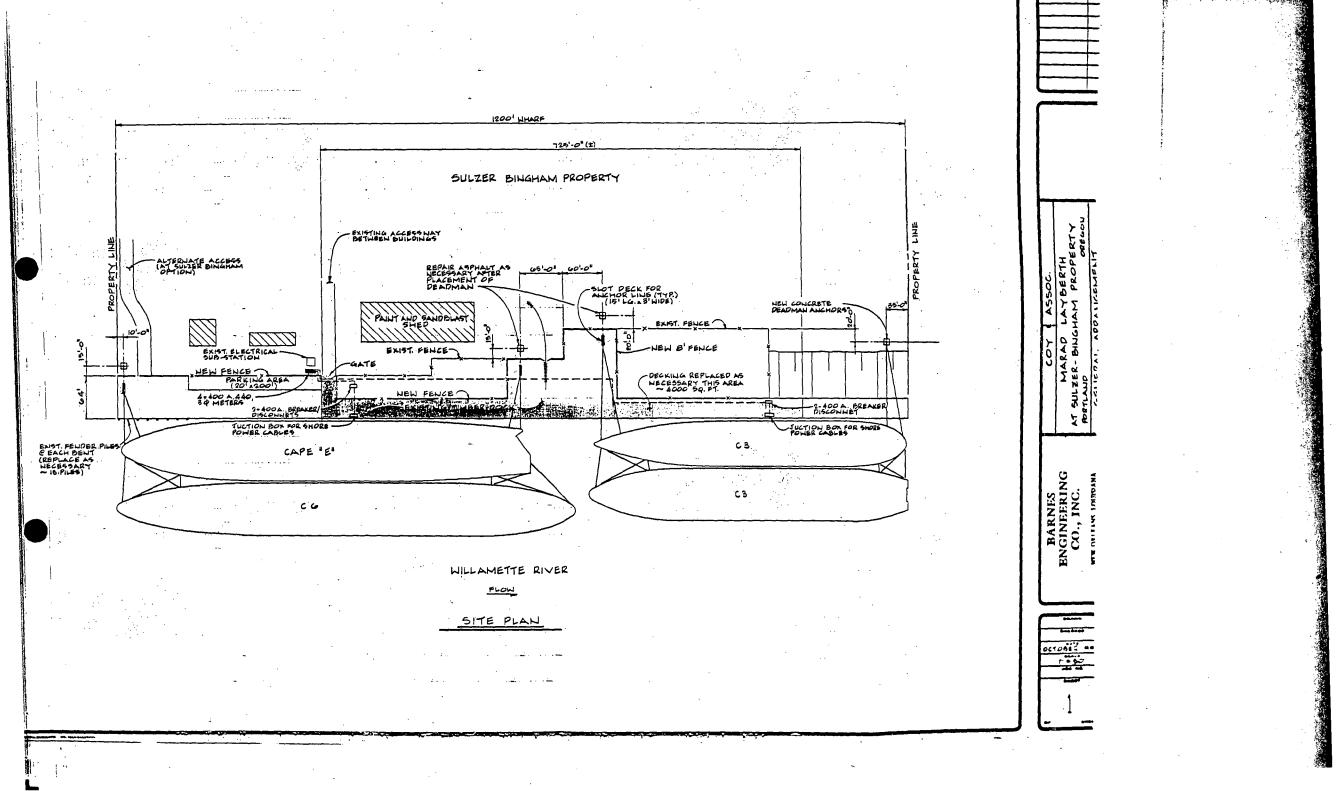
Our discussion has been based on a limited field inspection and experience and judgment of our office staff. No materials inspection or material testing, subsoils investigations or other work for hidden conditions was requested or accomplished. Our office cannot accept responsibility for structural integrity with regard to hidden conditions or the theoretical ability of the dock to meet current code requirements or the code applicable at the time of construction. Because of the highly limited scope of our review and observations, our discussion should not be used as a principal basis for any decision relating to the dock and the liability of our office and those of our employees are limited to the actual amount of fees that we have charged for our work.

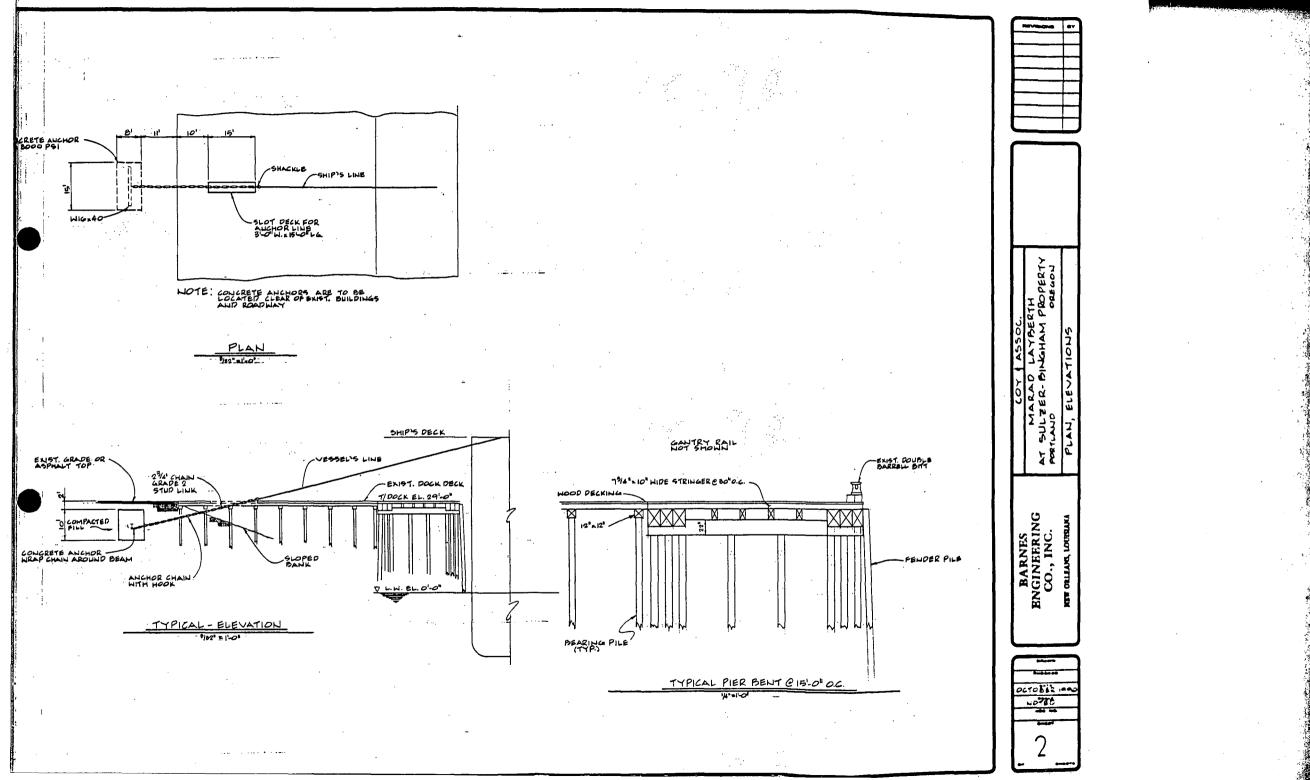
If we may be of further assistance, or clarification is necessary, please feel free to call me.



Len Krombein, P.E.

LK/sk





SI025224 NWMAR136372

# POST OFFICE BOX 1383 ROSWELL, GEORGIA 30077-1383

September 17, 1990

Susan MacDonald Nelson General Counsel Sulzer Bingham Pumps, Inc. 2800 N. W. Front Avenue Portland, Oregon 97210

Dear Ms. Nelson:

On June 28, 1990, a site inspection and <u>preliminary</u> survey was conducted to determine the safety and technical acceptability of the Sulzer Bingham site by William A. Burgstiner, Jr. and William A. Burgstiner, III, and on September 12, 1990 by our engineer Mr. Don Barnes. The following is a list of deficiencies that do not meet our requirements for safety and/or the technical Maritime Administration (MARAD), followed recommendations for the necessary improvements. Prior to commencement of all repairs, a more complete and detailed survey will be held, with all certified calculations and drawings being submitted to Sulzer Bingham for approval.

## 1. WOOD DECKING

#### FOUND:

In some areas, specifically from the entrance gate to approximately the 500' marker on the dock, the decking is not sufficient to accommodate 325 pounds per square foot (PSF) design load for vehicular traffic nor is it sufficient to accommodate 425 PSF for the stern ramp of the roll on / roll off vessel, as specified by MARAD.

# **RECOMMENDATION:**

Remove and replace and/or reinforce decking in the aforementioned areas and all other areas necessary to ensure the safety of personnel.

Estimate \$ 30,000

#### 2. PRIMARY POWER SYSTEM

page 2

#### FOUND:

It was noted that there was only 600 amps capacity at the berth vs. the 1600 amps required by MARAD.

#### RECOMMENDATION:

Upgrade power to 1600 amps by installing a switchboard, with 4 ea 400 amp circuit breakers, 1 for each ship, as required by MARAD. Also, provide shore power cables from the breakers to the ship's connection.

Estimate \$ 30,000

#### 3. LIGHTING

#### FOUND:

Insufficient lighting capabilities to meet MARAD's 1 footcandle requirement.

#### RECOMMENDATION:

Install high pressure sodium lights to meet the footcandle criteria and to ensure proper safety at night.

Estimate \$ 3,000

# 4. FENDERING

#### FOUND:

Inadequate fendering along side of the pier.

#### RECOMMENDATION:

Place approximately 15 new timber piles along side the pier, to meet the 25 PSI hull pressure requirement of the ships, as set forth by MARAD.

Estimate \$ 15,000

## 5. BITTS/BOLLARDS

#### FOUND:

Existing bitts for spring lines inadequate.

page 3

#### RECOMMENDATION:

Reinforce timber framing under bitts to achieve a 50 ton safe working load.

Estimate \$ 20,000

# 6. MOORING STRUCTURES

#### FOUND:

There are no existing structures to achieve safe mooring and to meet wind load criteria as set forth by MARAD.

#### RECOMMENDATION:

Fabricate and install four (4) 10' deep x 10' wide x 15' long reinforced concrete deadman structures with 2 1/2" stud link chain to achieve an approximate 130 ton safe working load mooring structure.

Estimate \$ 70,000

# 7. FENCING

#### FOUND:

Existing fence is only 6 feet high. MARAD specifies fence at least 8 feet high.

# **RECOMMENDATION:**

Install 2 feet of fence fabric to existing fence and reinforce as necessary.

Estimate \$ 3,000

## 8. PARKING

# FOUND:

Inadequate hard surface for parking on existing pier.

# **RECOMMENDATION:**

the recommendations for parking are the same as detailed in section 1, wood decking.

# EXHIBIT TWO

Improvements necessary to comply with the Maritime Administration requirements for berthing at the Sulzer Bingham Wharf.

Fence	\$ 15,000.00
Camils/Fendering Devices	30,000.00
Electricity	100,000.00
Water	0.00
Deadmen	60,000.00
Spring Lines	60,000.00
Decking	40,000.00
TOTAL	\$305,000.00

# **SULZER BINGHAM**

January 10, 1991

TO:

Bill Zavin

Northwest Marine

FROM:

Eric Ritchie

SUBJECT:

Sulzer Bingham Dock

I have visited the dock alongside the Keystone Canyon. The following are my observations which should be considered to be Sulzer Bingham's requirements for use of the dock.

- 1. The dock area is sign posted to prohibit vehicles on the dock. I observed a van with a number of Northwest Marine personnel parked on the dock. The people were preparing to untie the ship for movement. Please arrange that no further vehicles are parked on the dock.
- 2. The quarter-inch plywood walkway from the gangway of the ship to the gate need, to be upgraded. I would prefer an expanded metal walk way with some type of rails to form a passageway, or one-half to three-quarter-inch plywood and rails. The purpose of this is to restrict movement of personnel on the dock. I recognize that for purposes of tieing and untieing the ship it is necessary for personnel to work on the dock in other areas, but only experienced people should be allowed to do so.
- 3. Sulzer Bingham prefers that an individual from Northwest Marine be designated to receive a key and be responsible for keeping the dock gates closed.

If necessary, I will be happy to walk through these requirements with you.

Eric Ritchie

Corporate Manufacturing Engineering Manager

## SULZER BINGHAM PUMPS INC.

SUSAN MACDONALD NELSON

January 9, 1991

Mr. William H. Zavin II Northwest Marine Iron Works 5555 N. Channel Avenue P.O. Box 3109 Portland, OR 97208

Re: Short-Term Berthage Agreement

Dear Bill:

Enclosed is a fully executed original of our agreement.

It is always a pleasure working with you. I hope we will see more of each other.

Very truly yours,

Susan MacDonald Nelson

SMN/dsi Enclosure

dsi/smn/spbi/dock/zavin.ltr

#### SHORT-TERM BERTHAGE AGREEMENT

DATED:

January 8, 1991

BETWEEN:

SULZER BINGHAM PUMPS INC.

("Sulzer Bingham")

2800 N.W. Front Avenue Portland, Oregon 97210

AND:

NORTHWEST MARINE

("Licensee")

5555 N. Channel Avenue

P.O. Box 3109

Portland, Oregon 97208

#### Recitals:

A. Sulzer Bingham is a manufacturer of engineered industrial pumps and other fabricated and machined products. Sulzer Bingham's Portland manufacturing plant is located on approximately 23 acres of real property and improvements at 2800 N.W. Front Avenue in Portland, Oregon, adjacent to the Willamette River. The improvements include a wood ship dock, which is approximately 1,200 feet in length and fenced on the length of the upland side (the "Dock").

B. Licensee is a division of Southwest Marine, Inc., a California corporation, and is authorized by the owner of the vessel Keystone Canyon ("the Vessel") to act on the owner's and the Vessel's behalf, and wishes to moor the Vessel at the Dock and to receive supplies and other necessary services for the Vessel from Sulzer Bingham for and on behalf of the Vessel. Sulzer Bingham is willing to provide moorage, supplies, and other necessary services to the Vessel as provided in this Agreement.

## Agreement:

Sulzer Bingham hereby licenses the moorage by Licensee of the Vessel at the Dock on the terms and subject to the conditions set forth below:

# SECTION 1 PURPOSE

The Premises shall be used only for the purpose of providing for layberthing of the Vessel, or such other Vessels as the parties may mutually agree, and purposes incidental thereto which are expressly permitted under this Agreement. It is an express condition of this Agreement that Licensee not use the Premises for any other purpose without the prior written consent of Sulzer Bingham.

## SECTION 2 GRANT OF LICENSE

- 2.1 Sulzer Bingham hereby grants a license for berthage of the Vessel by Licensee at the Dock (the "License"). The property subject to this License shall extend from the line of the existing fence on the upland side of the Dock toward the Willamette River, to the riverward boundary of the Dock, and shall extend the length of the Dock, between and including the stairways at either end, for the term and in consideration of the payments to be made and other covenants to be kept by Licensee as hereinafter provided.
- 2.2 The License shall commence on January 8, 1991 and shall continue through and including January 25, 1991.
- 2.3 The License may be renewed if requested by Licensee in writing within the term hereof, provided, however, that the Licensee shall not be renewed unless Sulzer Bingham consents in writing.
- 2.4 In the event that Licensee requests renewal, and Sulzer Bingham consents to such renewal, as provided in this Section 2, this Agreement shall govern each successive renewal period.

## SECTION 3 CONDITION OF TITLE

- 3.1 The property subject to the License described in Section 2.1 shall be referred to in this Agreement as the "Premises." The Licensee's interest in the Premises under this Agreement shall at all times be subject and subordinate to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear of record in the Office of the Recorder of Multnomah County, Oregon, or in the official records of the City of Portland, Oregon, or any of its various departments, and further subject to the interest, if any, of the state of Oregon, whether or not such interest is described in Exhibit A, and to all financing and security interests which may now or hereafter affect the Premises. This Section shall be self-operative, and no further instrument of subordination shall be required. In confirmation hereof, Licensee shall promptly execute, acknowledge or deliver any instrument that Sulzer Bingham may require to evidence such subordination.
- 3.2 Sulzer Bingham makes no warranty of title or of quiet enjoyment with respect to the Premises, and to the extent such warranties may be implied by law they are expressly waived by Licensee.

## SECTION 4 CONDITION OF THE DOCK

Sulzer Bingham shall have no obligation or responsibility to maintain the Dock or berth in safe, stable, or in any particular condition (Licensee is accepting the Dock and

berth in an "as is" condition), and Sulzer Bingham shall have no responsibility to see that this is a seaworthy berth or that the Vessel can lie safely afloat at the Dock, the sole responsibility therefor resting with Licensee. Licensee is making the sole decision as to the present or future safety of the berth and mooring facilities, except as otherwise expressly provided in this Agreement.

# SECTION 5 USE OF THE PREMISES

- 5.1 Licensee shall comply with all applicable federal, state, and municipal or other local laws, ordinances, regulations, and requirements of public authorities.
- 5.2 Licensee agrees not to use the Premises in any manner, even if the use is for the purposes enumerated herein, that will cause cancellation of or the assertion of any defense by the insurer in whole or in part to claims under any insurance policy covering the Premises, or any adjacent premises, or any increase in the rates which would otherwise be in effect, provided Licensee may, in Sulzer Bingham's sole discretion, remain if it pays the increase in Sulzer Bingham's insurance costs caused by its operations.
- 5.3 No offensive or refuse matter, or any substance constituting any unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall ever be permitted by Licensee to be or remain, and Licensee shall prevent any such material or matter from being accumulated upon the Premises, or on the premises of Sulzer Bingham. Licensee further agrees not to keep on the Premises or permit to be kept, used, or sold thereon, anything prohibited by any policy of fire insurance covering the Premises or any structure erected thereon, whether such policy is owned by Licensee or by Sulzer Bingham.
- 5.4 Licensee agrees that it will not disturb Sulzer Bingham by making or permitting any disturbance or substantial noise, vibration, fumes, electronic interference, or any other condition on the Premises. Licensee shall not permit more than 20 persons to be on the Premises at any time.
- 5.5 The Vessel shall be inspected daily by Licensee, shall not have cargo aboard, and shall carry only so much fuel as necessary to relocate in the Portland area, and shall not take on fuel or cargo while berthed at the Dock. Licensee shall comply with any and all signs affixed by Sulzer Bingham on or near the Premises.
- 5.6 Licensee, its sublicensee, and anyone in Licensee's employment and control shall not interfere in any way with Sulzer Bingham's operations, and upon notice by Sulzer

Bingham shall immediately cease any activity deemed by Sulzer Bingham to be such interference.

#### SECTION 6 ACCESS

- 6.1 Prior to permitting the Vessel to be moored at the Dock, Licensee shall construct a temporary walkway from the riverward edge of the Dock to the south gate in the existing fence, which shall be sufficient to ensure the safety of all persons going to and from the Vessel.
- 6.2 Licensee shall also erect continuous barriers on either side of the walkway, in a manner that restricts access to the Dock surface.

## SECTION 7 PRICE AND PAYMENT

- 7.1 Licensee shall pay the sum of \$450 per day for use of the Premises. Payment shall be made on or before January 25, 1991, and on or before the conclusion of any renewal term of this Agreement.
- 7.2 Notwithstanding any other provisions of this Agreement, Licensee's obligation to pay all amounts payable under this Section 7 shall be absolute and unconditional, and shall not be affected by any circumstance, including, without limitation any set-off, counterclaim, recoupment, defense or other right which Licensee may have against Sulzer Bingham.

#### SECTION 8 INSPECTION

Sulzer Bingham reserves the right to inspect the Premises at any and all reasonable times throughout the term of this Agreement for the purpose of determining compliance with the terms and conditions of this Agreement or for any other purpose incidental to the rights of Sulzer Bingham; provided, that Sulzer Bingham shall not interfere unduly with Licensee's operations. The right of inspection reserved to Sulzer Bingham hereunder shall impose no obligation on Sulzer Bingham to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Sulzer Bingham for failure to make such inspections.

#### SECTION 9 REPRESENTATIONS AND WARRANTIES OF LICENSEE

Licensee expressly represents and warrants as follows:

9.1 Licensee has fully inspected the Premises, including the Dock and the berth, and accepts its present condition, of which Licensee is fully aware.

- 9.2 Licensee's or its sublicensee's use of utilities and services in Section 13 will not cause any impairment or diminution or increase in cost of utilities and services supplied to Sulzer Bingham.
- 9.3 The Vessel will be maintained in an idle status at all times. Any activities involving the Vessel, other than docking the Vessel, whether for training, repairs, or any other purpose, shall not occur without the prior written approval of Sulzer Bingham. Sulzer Bingham shall have no obligation to give such approvals, and may withhold its approval for any reason it sees fit.
- 9.4 Licensee warrants that all the insurance required by this Agreement shall be maintained throughout the term thereof.
- 9.5 Fenders between the Vessel and the Dock shall be adequate and will be designed so as not to damage the Dock.
- 9.6 Licensee has in effect an oil spill plan, which shall be subject to approval by Sulzer Bingham and in compliance with any applicable law, regulation, or ordinance. The Vessel shall not emit any oily discharges while berthed at the Dock.

# SECTION 10 ASSIGNMENTS

10.1 No assignment, sublease, transfer, gift, hypothecation, or grant of control, or other encumbrance of this Agreement (collectively "Assignment"), or any interest therein or any right or privilege thereunder, whether voluntary or by operation of law, shall not be valid for any purpose unless made in writing and the Assignment, and the document granting the Assignment, are approved by Sulzer Bingham in writing.

# SECTION 11 INSURANCE

- 11.1 Licensee, shall, at its own expense, maintain in effect at all times during the term hereof with insurers and under forms of policy satisfactory to Sulzer Bingham, the following insurance:
- 11.1.1 Worker's compensation to the extent required by law, and employer's liability insurance, including the U.S. Maritime Acts and The Longshoremen's and Harbor Workers' Compensation Act, with limits of not less than \$10 million per occurrence on employer's liability.
- 11.1.2 Comprehensive General Liability Insurance, including coverage for Personal Injury and Nonphysical Injuries such as mental and emotional distress, with limits of not less than \$1 million for injury or death for any one person and \$10

million for personal/bodily injury or death to any number of persons in any one occurrence, and \$10 million for property damage.

- 11.1.3 All Risk Property Insurance for the Premises including the standard form of fire insurance and extended coverages in an amount no less than \$10 million.
- 11.1.4 Marine Terminal Operators Insurance, including Wharfingers Liability Coverage and Shoreside Pollution Liability Coverage with limits if not less than \$15 million per occurrence, or an equivalent general liability or London Shiprepairers legal liability policy.
- 11.2 Licensee's insurance shall be adequate, in Sulzer Bingham's judgment, to cover the responsibility of Licensee for the indemnities and other obligations undertaken under this Agreement. Licensee's insurance shall not exclude liability assumed by Licensee under this Agreement, and shall waive any right of subrogation against Sulzer Bingham and its employees and agents.
- 11.3 Licensee shall furnish a copy of each applicable policy to Sulzer Bingham upon request, and certificates of such insurance to Sulzer Bingham. Sulzer Bingham shall have the right to inspect the original policies of insurance at a location of its choosing.
- 11.4 The submitted policies of insurance described in Sections 11.1.1, 11.1.2, 11.1.3, 11.1.4, and 11.1.5 shall contain endorsements substantially as follows:
- 11.4.1 "Notwithstanding any inconsistent statement in the policy to which this endorsement is attached, or any endorsement or certificate now or hereafter attached hereto, it is agreed that Sulzer Bingham Pumps Inc., its officers, agents, and employees are additional named insureds hereunder, and that coverage is provided for all operations, occupations, acts, and activities of the insured under this Agreement, and under any amendments, modifications, extensions, or renewals thereof regardless of whether liability is attributable to the named insureds or a combination of the named insureds and the additional insureds. It is understood that the additional insureds will not be responsible for the payment of premiums under the policy;
- 11.4.2 "The coverage provided by the policy to which this endorsement is attached is primary coverage and any other insurance carried by Sulzer Bingham Pumps Inc. is in excess of this insurance and shall not contribute with it; and

- 11.4.3 "If one of the named insureds incurs liability to any other of the named insureds, this policy shall provide protection for each named insured against whom claim is or may be made, in the same manner as if separate policies had been issued to each named insured. Nothing contained herein shall operate to increase the company's limit of liability."
- 11.4.4 "The coverage provided by the policy to which this endorsement is attached shall extend to damages or costs of business interruption, including loss of sales and profits incurred by any of the named insureds."
- 11.4.5 In the Comprehensive General Liability only: "It is agreed that Exclusion \_\_\_\_\_\_, which excludes coverage for property which is in the care, custody, and control of the insured, is deleted insofar as such damage may occur to property in the care, custody, and control of Licensee."
- 11.4.6 In the Marine Terminal Operators only: "A sudden occurrence covered by this policy is one occurring over a period of 168 hours or less."
- 11.5 Sulzer Bingham shall have the discretion to modify the insurance requirements as it deems appropriate if, in Sulzer Bingham's judgment, the circumstances warrant a modification.
- 11.6 Sulzer Bingham shall not be liable to Licensee for loss arising out of damage to the Premises, or to any equipment, personal property or contents thereof, thereon or thereabout, when such loss is caused by any of the perils which are or could be insured against by the insurance coverages described in Subsections 10.1.1, 10.1.2, 10.1.3, 10.1.4, and All such claims for any and all loss, however caused, are hereby waived by Licensee. Such absence of liability shall exist whether or not the damage is caused by the negligence of Sulzer Bingham. It is the intention and agreement of Sulzer Bingham and Licensee that all risk of loss from the use and occupancy of the property subject to the license and the operations in connection therewith, shall be the responsibility of Licensee. Licensee will provide its own insurance protection, at its own expense, including the insurance protection for Sulzer Bingham as required by this Agreement. Licensee will look to its respective insurance carriers for reimbursement of any loss. Licensee's insurance carriers shall not be entitled to subrogation under any circumstances against Sulzer Bingham.

#### SECTION 12 TAXES AND FEES

12.1 Licensee shall pay all real and personal property taxes and all other assessments of whatever character levied upon any interest created by this Agreement.

# SECTION 13 UTILITIES AND SERVICES

- 13.1 Metered Electrical and Water Service. Bingham shall permit Licensee to have reasonable access to existing metered electrical and water service at Licensee's expense. Sulzer Bingham does not guarantee the continuity or sufficiency of the electrical or water service, and shall have no liability to Licensee for any injury, loss, or damage of any type resulting from the installation, use, failure, interruption, quality, quantity, or curtailment of the electrical or water service to the Vessel. Sulzer Bingham may suspend temporarily the delivery of such electrical or water service after giving reasonable notice of such suspension to Licensee. Licensee shall be responsible for payment for any electrical power or water consumed by the Vessel. Any costs associated with installation, connection, or disconnection of such services shall be at Licensee's expense. Licensee shall notify Sulzer Bingham 24 hours in advance of any power usage changes.
- 13.2 Other Services. Licensee shall promptly pay any charges for other utilities or services provided to the Vessel, including but not limited to telephone, sewer, gas, janitorial service, and garbage collection. Sulzer Bingham shall have no obligation to provide such services.
- 13.3 <u>No Services to Vessels</u>. Sulzer Bingham shall have no obligation to supply mooring lines, guards, emergency services, warnings to the Vessel, or any other supplies, services, or obligations whatsoever except as expressly provided in this Agreement.
- 13.4 Termination of Services for Default. In addition to any other rights or remedies Sulzer Bingham may have under this Agreement, in the event of Licensee's default, Sulzer Bingham may cause the discontinuation of utilities and other services to the Premises without liability to Licensee or its sublicensees, which discontinuation shall not affect any of Licensee's covenants or obligations under this Agreement.

# SECTION 14 SIGNS

Licensee shall not erect or display, or permit to be erected or displayed, on the Premises any signs or advertising matter of any kind without first obtaining the written consent of Sulzer Bingham. Licensee shall post, erect, and maintain on the Premises such signs as Sulzer Bingham may direct.

#### SECTION 15 REPAIRS

15.1 If damage to the Dock structure or any other building, structure, improvement, or surface area in the Premises is caused by the acts or failure to act of Licensee, its

officers, agents, employees, or its invitees, (including but not limited to customers of Licensee and contractors retained by Licensee to perform work on the Premises (hereafter collectively "Invitees"), or resulting from a collision between a vessel and the Dock while docking or undocking, or as a result of the forces of wind or water, then Licensee shall be responsible for all costs, direct or indirect, associated with repairing the damage. All damage shall be presumed to be the responsibility of Licensee.

- 15.2 If any property of any kind is on the Dock at the request or with the permission of Licensee, its officers, agents, employees, sublicensees or invitees, including vessels, machinery, or equipment, and such property sinks in any channel or water area and Licensee fails to remove such property within ten days of a request by Sulzer Bingham to do so, Sulzer Bingham may require a restoration deposit or bond in the amount of the reasonable cost of removal as determined by an engineer retained by Sulzer Bingham at Licensee's expense. If Sulzer Bingham in its sole discretion determines that the sunken property is a safety hazard and so notifies Licensee, failure to immediately remove the property may result in termination of this Agreement upon three days' notice.
- 15.3 If Licensee fails to repair the Premises as required by this Agreement, Sulzer Bingham may give 30 days' written notice to Licensee to correct such default, except that no notice shall be required where, in the opinion of Sulzer Bingham, the failure creates a hazard to persons or property. If Licensee fails to cure such default within the time specified in such notice, or if Sulzer Bingham determines that a hazard to persons or property exists due to such failure, Sulzer Bingham may but is not required to enter upon the Premises and cause such repair or maintenance to be made, and the costs thereof, including labor, materials, equipment and overhead cost, shall be charged against Licensee.

# SECTION 16 HAZARDOUS MATERIAL

16.1 Licensee may not handle, use, store, transport, transfer, receive or dispose of, or allow to remain on the Premises (hereinafter collectively referred "handle") any substance classified as a hazardous material under any federal, state, local law, or ordinance (Licensee's attention is particularly called to the Resource Conservation and Recovery Act of 1967 ("RCRA"), 42 U.S.C. § 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), 42 U.S.C. § 9601, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.; the Clean Water Act, 33 U.S.C. § 1251, et seq.; the Clean Air Act, 42 U.S.C. § 7901, et seq.; the Solid Waste Disposal Act, 42 U.S.C.

- § 3251, et seq.; The Oil Pollution Act of 1990, P.L. No. 101-380; Title 49 C.F.R § 172.101; Title 40 C.F.R. Part 302, 1985 Oregon Laws Chapter 733; and 1987 Oregon Laws Chapter 540, and any amendments to these provisions or successor provisions (collectively "Environmental Law") (hereafter "Hazardous Material") in such quantities as would require the reporting of such activity to any person or agency having jurisdiction thereof.
- 16.2 In the event that Licensee handles any amount of Hazardous Material and such Hazardous Material has contaminated or threatens to contaminate the Premises or adjacent premises (including structures, harbor waters, soil or groundwater), Licensee, to the extent obligated by law and to the extent necessary to satisfy Sulzer Bingham, shall at its own expense perform soil and groundwater tests to determine the extent of such contamination, and shall immediately remove from the Premises any such material.
- 16.3 Licensee shall immediately notify Sulzer Bingham upon becoming aware of any leak, spill, release, or disposal of a Hazardous Material by any person or thing on, under, or adjacent to the Premises, or threat of or reasonable suspicion of any of the same, or any notice or communication from a governmental agency or any other person to Licensee or to any other person relating to such Hazardous Material on, under, or adjacent to the Premises, or any violation of any law with respect to the Premises or activities on the Premises.
- 16.4 In the event of a leak, spill, release, or disposal of a Hazardous Material by Licensee, its agents, emplyees, invitees or sublicensees, on or adjacent to the Premises (including adjacent structures, harbor water, soil or groundwater), Licensee shall, at its sole expense, immediately undertake all emergency response necessary to contain, clean up, and remove the Hazardous Material. If in the determination of Sulzer Bingham such Hazardous Material cannot be remedied on site to the satisfaction of Sulzer Bingham, Licensee shall, at its sole expense, remove and properly dispose of all contaminated soil, material, or groundwater and replace such soil or material with clean soil or material suitable to Sulzer Bingham. Licensee disposes of any soil, material or groundwater contaminated with Hazardous Material, Licensee shall provide Sulzer Bingham with copies of all records, including a copy of each uniform hazardous waste manifest indicating the quantity and type of material disposed of, the method of transportation of the material to the disposal site and the location of the disposal Sulzer Bingham shall not be named in any manifest document as a generator of such material.
- 16.5 Any tests required of Licensee by this Section 16 shall be performed by methods and by a certified testing

laboratory satisfactory to Sulzer Bingham. By signing this Agreement, Licensee hereby irrevocably directs any such laboratory to provide copies of all reports, results and data to Sulzer Bingham upon its request. For purposes of this Section, "Licensee" shall include agents, employees, contractors, subcontractors, and/or invitees of Licensee.

#### SECTION 17 WAIVER

- 17.1 Licensee expressly waives any claim, whether for negligence, nuisance or on any other theory, based on the operations of Sulzer Bingham, including but not limited to deposits of sand or paint on the Premises or on the Vessel, light, heat, odors or noise generated by those operations at any hour of the day or night, and the storage of materials immediately adjacent to the Premises. Licensee shall not be entitled to terminate this Agreement, and no damages, compensation, or claim shall be payable by Sulzer Bingham for inconvenience, loss, or annoyance arising from any operations, construction or repair on the adjacent property of Sulzer Bingham.
- 17.2 Failure of Sulzer Bingham at any time to require performance of any provision of this Agreement shall not be deemed to be a waiver of Sulzer Bingham's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself. No provision of this Agreement shall be waived by Sulzer Bingham unless such waiver is in writing and executed by an authorized officer of Sulzer Bingham.

# SECTION 18 INDEMNITY

18.1 As partial consideration for Sulzer Bingham's grant of the License to Licensee, Licensee shall at all times indemnify, defend, and hold harmless Sulzer Bingham and any and all of its boards, officers, directors, shareholders, agents, employees, representatives, assigns, affiliates, and successors in interest (collectively, in this Section, "Sulzer Bingham") from any and all actions, causes of action, claims, demands, damages, costs, legal expenses, and loss of earnings arising out of or in any way related to this Agreement, the business relationship between Sulzer Bingham and Licensee, or Licensee's activities on or use of the Premises, or the activities of British Petroleum or Keystone Shipping, or for death of or injury to persons or damage to property including property owned by or under the care and custody of Sulzer Bingham, and for civil fines and penalties, that may arise from or be caused directly or indirectly by:

- 18.1.1 Any dangerous, hazardous, unsafe, or defective condition of, in or on the Premises, caused by Licensee, its agents, employees, or invitees, or any use or occupation of the Premises by Licensee, its officers, agents, employees, sublicensees or invitees;
- 18.1.2 Any operation conducted upon or any use or occupation of the Premises by Licensee, its officers, agents, employees, sublicensees or invitees under or pursuant to the provisions of this Agreement or otherwise;
- 18.1.3 Any act, omission or negligence of Licensee, its officers, agents, employees, sublicensees or invitees, regardless of whether any act, omission or negligence, whether active or passive, of Sulzer Bingham contributed thereto; or
- 18.1.4 Any failure of Licensee, its officers, agents, employees, sublicensees, or invitees to comply with any of the terms or conditions of this Agreement or any applicable federal, state, regional, or municipal law, ordinance, rule, or regulation.
- 18.2 Licensee shall also indemnify Sulzer Bingham and pay for all damage or loss suffered by Sulzer Bingham including but not limited to damage to or loss of property and loss of revenue from any source, caused by or arising out of the conditions, operations, uses, occupations, acts, omissions or negligence referred to in Subsection 18.1 above, including all risk of loss or damage to the Vessel, its officers, crew, and any cargo or supplies on board, or any damage caused by the Vessel, whether to property of Sulzer Bingham, or any other property whatsoever.
- 18.3 Licensee shall also indemnify, defend, and hold Sulzer Bingham harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution of the value of the Premises, damages for loss or restriction on use of the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise during or after this Agreement term as a result of contamination of the Premises or surrounding environment by Hazardous Materials for which Licensee is otherwise responsible under the terms of this Agreement. This indemnification of Sulzer Bingham by Licensee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state, or local governmental agency because of Hazardous Material present in the soil or groundwater on or under the Premises.

18.4 The foregoing indemnities shall survive the expiration or earlier termination of this Agreement. In the event Licensee is required to defend under this Section 18, such defense shall be by counsel acceptable to Sulzer Bingham.

## SECTION 19 TERMINATION

- 19.1 <u>Termination by Election</u>. This Agreement may be terminated by either party at any time upon 5 days' notice; provided, however, that any vessel berthed at the Dock may not be removed from the Dock and that Sulzer Bingham shall be entitled to retain possession thereof to secure any payments due under this Agreement.
- 19.2 <u>Termination for Default</u>. Sulzer Bingham may terminate this Agreement immediately upon breach by Licensee of any of its obligations hereunder.
- 19.3 Termination by Operation of Law. If any court having jurisdiction renders a final decision which prevents the performance by Sulzer Bingham of any of its obligations under this Agreement, then either party hereto may terminate this Agreement by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations) shall terminate upon the date of such decision.
- 19.4 <u>Conditions of Premises Upon Termination</u>. Licensee shall surrender the Premises upon termination of this Agreement in as good a condition as at the beginning of the term hereof.

# SECTION 20 SURRENDER

- 20.1 Licensee shall be responsible for complete restoration of the Premises, including the clean-up of any Hazardous Material contamination on or arising from Licensee's use of the Premises, before the expiration or earlier termination of this Agreement.
- 20.2 If such restoration is not completed before such termination, Licensee shall pay Sulzer Bingham compensation in an amount equal to the then-prevailing tariffs charged by the Port of Portland for short-term berthing of two 400' vessels in a single line against the wharf structure from the date of termination until restoration is completed.
- 20.3 Licensee shall, if requested to do so at any time by Sulzer Bingham, provide Sulzer Bingham with a surety bond (in an amount, on terms, and with a surety company acceptable to Sulzer Bingham) to assure proper restoration, including removal of Hazardous Material.

20.4 No act or thing done by Sulzer Bingham or its agents shall be deemed an acceptance of the surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Sulzer Bingham. To the extent permitted under Oregon law, Licensee hereby waives any requirement of Sulzer Bingham to accept surrender of the Premises, and waives any duty of Sulzer Bingham to attempt to relet the Premises.

# SECTION 21 REMEDIES ON DEFAULT

Upon the neglect, failure, or refusal of Licensee to comply with any of the terms or conditions of this Agreement, Sulzer Bingham may do any or all of the following:

- 21.1 Sulzer Bingham may declare this Agreement in default, and may forthwith enter upon the Premises, using all reasonable force to do so, and exclude Licensee from further use of the Premises and all improvements thereon. Upon such declaration of default, Licensee shall immediately surrender all rights in and to the Premises and all improvements, and any and all improvements of any character whatsoever, erected, installed or made by Licensee under, through, or because of, or pursuant to the terms of this Agreement, shall immediately either become the property of Sulzer Bingham free and clear of any claim of any kind or nature of Licensee or its successors in interest without compensation to Licensee, or become removable by Sulzer Bingham at the sole expense of Licensee, all at the option of Sulzer Bingham.
- 21.2 The remedies provided in this Section 21 are cumulative, and Sulzer Bingham shall have the right to obtain an injunction or any other appropriate equitable relief, in addition to all its other rights and remedies under this Agreement or at law.

# SECTION 22 GENERAL PROVISIONS

22.1 Attorneys' Fees. In the event suit or action is filed to foreclose or otherwise assert its lien against the vessel, or to assert any other claim arising out of or related to this Agreement for the use of the Premises, or the berthing of vessels hereunder, Licensee agrees to pay Sulzer Bingham its attorneys' fees and costs incurred in enforcing any such claim, including cots of experts and paralegals, whether or not such claim is filed, including fees incurred at trial, in arbitration, on appeal, or in any bankruptcy or insolvency proceeding, and such attorneys' fees and costs shall be considered a part of Sulzer Bingham's lien against any vessel against which it is asserted.

- 22.2 <u>Authority</u>. The persons executing this Agreement on behalf of each party each expressly warrants that he or she is authorized to do so.
- 22.3 <u>Notice</u>. All notices required or permitted by this Agreement shall be in writing and shall be effective when delivered by hand or facsimile telecopier, or two business days after being deposited in the United States Mails, certified, return receipt requested, directed to the other party at the address set forth below, or to such other address as each party may indicate by written notice to the other:

If to Sulzer:

Sulzer Bingham Pumps Inc.

P.O. Box 10247

2800 N.W. Front Avenue Portland, OR 97210

Attention: Susan MacDonald Nelson

Telecopier: (503) 226-5559

If to Licensee:

Northwest Marine

5555 N. Channel Avenue

P.O. Box 3109

Portland, Oregon 97208

Attention: William H. Zavin II Telecopier: (503) 240-6600

- 22.4 <u>Binding Effect</u>. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.
- 22.5 <u>Amendment</u>. This Agreement may not be modified or amended except by the written agreement of the parties. No modification or amendment or attempted waiver of any provision of this Agreement shall be binding unless in writing and signed by the party to be bound.
- 22.6 <u>Severability</u>. If any term or provision of this Agreement shall to any extent be declared invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 22.7 <u>Integration</u>. This Agreement contains the entire agreement and understanding of the parties with respect to its subject matter and supersedes all prior and contemporaneous oral or written agreements.
- 22.8 <u>Time of the Essence</u>. Time is of the essence of this Agreement.

- 22.9 <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one instrument.
- 22.10 <u>Construction</u>. Each party represents that it has, or has been given the opportunity, to consult with its counsel prior to executing this Agreement, and expressly waives the rule of construction that provides that agreements shall be construed against the drafter.
- 22.11 <u>Governing Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

SULZER BINGHAM PUMPS INC.

Ву

Robert L. Ayers

Its President

NORTHWEST MARINE

Ву

William H. Zavin II

Senior Vice President, Southwest Marine, Inc.

smn/dsi/sbpi/dock/nwmarine.agm

# SHIPREPAIR NEWSLETTER

INFORMATION CONTACT:

ALAN THORPE Tel: (0268) 691413

Bill-JOHN

Telex: 995753 SHIPATELLA

Fax: (0268) 510467

MATH:

Issue No: 223 10th August 1990

SHIPREPAIR NEWSLETTER is designed to be of help to all those involved in the shiprepair and conversion industries. Further details may be obtained from the above telephone, telex and Fax numbers. No information from this publication can be reproduced without the permission of the Publisher.

SOUTHWEST MARINE: Two large conversion contracts have been placed this week with Southwest Marine Inc, United States. The first is the US\$75 million contract to convert the 26,747 grt Royal Caribbean Cruise Line (RCCL) cruise vessel Viking Serenade ex Stardancer, which was built during 1982, to a specialised luxury cruise vessel for the US west Coast. The vessel will enter the San Diego shipyard during early January and be completed during April 19, 1991. The second conversion contract involves the 173,619 dwt US tanker Keystone Canyon, which was built during 1978 and is operated by Keystone Shipping Co. Philidelphia. The vessel will enter Northwest Marine, Portland, a Division of Southwest Marine, this week for a shortening operation, which involves the removal of a 15.25 mid-body section, and is expected to be completed by October 1 this year. The shortening operation is designed to improve the vessel's cargo distribution flexibility. Southwest Marine has facilities at San Diego (Headquarters), San Pedro, San Fransisco, Portland (Northwest Marine) and Samoa. Quinton Watt, who is based in Portland, has been appointed to develop non-US flag business. London agents are Ian Morrison's SRS.

SEAESCAPE: The conversion of the former Sealink train ferry St George, which has been sailing as a passenger/car ferry in the Greek Islands for the past few years, to a luxury cruise vessel, to be named Scandinavian Dawn, for new owners SeaEscape, Miami, has been completed. She is due to sail to the Azores and then Bermuda, arriving in Miami during August where she will undergo inspection by the US Coast Guard. Her first day cruise out of Miami is due on August 24/25. She was converted by Norport Project Development at Humber Shiprepairers, Immingham.

SCANDINAVIAN STAR: The 10,513 grt ro/ro-cruise vessel, <u>Scandinavian Star</u>, which suffered extensive fire damage while cruising off the Danish coast earlier this year, has arrived in Hull having been towed from Copenhagen, where she has laid since the fire. At the time of the fire, the ship was operated by a number of owners including SeaEscape, Miami and VR Shipping A/S, Copenhagen. However, since the fire the ship has been taken over totally by VR Shipping, who are now planning to carry out repairs to the vessel. Humber Shiprepairers are to carry out a cleaning up operation, which should last approximately one month and then specifications for the permanent repair contract will be issued to various yards including Humber and yards from Italy and Greece. It is expected that repairs should be in excess of US\$20 million.

# CRAFTING QUALITY ENVIRONMENTS

THE PROPERTY OF THE PARTY OF TH







Art Engel
President and Chief Executive Officer of Southwest Marine and Northwest Marine

#### Friends,

Welcome to our West Coast family of ship repair and modernization yards. As a full service ship repair corporation, Southwest Marine and Northwest Marine provide services from repair to overhaul, conversion, modernization, and new construction. Our reputation for producing high quality work on time and within budget is known and respected worldwide.

Stimulated by the growth of industrial nations, world tradecenters, trade routes, and a surge in commercial shipbuilding and repair, the maritime industry is moving into a new era of expansion and prosperity. The establishment of valuable economic associations between ship repair facilities and vessel owners will play an ever increasing role as we overcome the new demands and challenges that lie ahead.

These new demands and challenges will carry us well into the next century; yet many vessels will reach the end of their designed service life before the end of this one. New construction is not the only solution and poses problems of its own. Spiralling costs and backlogs have stalled or prohibited the acquisition of many vessels. If vessel owners are to successfully remain at the forefront of world commerce, alternative solutions must be fully explored.

The repair, conversion, and modernization of existing vessels provides owners and operators with a cost saving alternative which will help to maintain that competitive edge in the world marketplace. These methods serve to improve overall performance and to extend the useful service life of ocean-going ships at a fraction of the cost and time required for the construction of a new vessel.

Southwest Marine's commitment to quality service is as iron-clad as our reputation for delivering every job on time and within budget. We understand the importance of keeping tonnage at work, and we pride ourselves on consistently meeting the unique demands of each job. Whether it's a deadline for a cruise ship repair or the drydock requirements of an oil tanker overhaul. We are here to meet your needs.

The world's dependence on a strong, versatile, and dynamic shipping industry has never been as vital as it is today. Southwest Marine and Northwest Marine are dedicated to a single job and philosophy: keeping the marine industry working.

Art Engel President

Chief Executive Officer

# SAN FRANCISCO DIVISION

Foot of 20th Street • San Francisco • California • 94107 P.O. Box 7644 • San Francisco • California • 94120-7644 (415) 861-7447 • FAX No. (415) 558-8466 TWX No. 910-372--0016 SWM SFO

Southwest Marine's San Francisco Division is conveniently located in the hub of Northern California's shipping industry. Its location in a world port is advantageous to any ship repair, modernization or maintenance program. Consonant with Southwest Marine's other yards, the San Francisco facility has full shop services all working in harmony to assure an onschedule, on-budget delivery. All shops are in close proximity to each other and are mutually supportive.

Southwest Marine San Francisco provides pler space for ships of all sizes with full hotel services, including electric steam, oxygen, acetylene, natural gas, compressed air, along with fresh and salt water. Additionally, a cost-effective capability to dispose of oily-water waste products is provided on-site.

SWM's Dry Dock #1 has a design capacity of 21,000 tons at a minimum free-board of 12". Its length is 654' over-all with a breadth overall of 128' and a breadth between the wingwalls of 100'.

SWM's Dry Dock #2 has a design capacity of 68,000 LT at zero free-board. The certified capcity, based on a freeboard of 12" at centerline, is 65,473 LT. Its length is 900' overall with a breadth between the wing-walls of 150'.

# NORTHWEST MARINE PORTLAND, OR. DIVISION

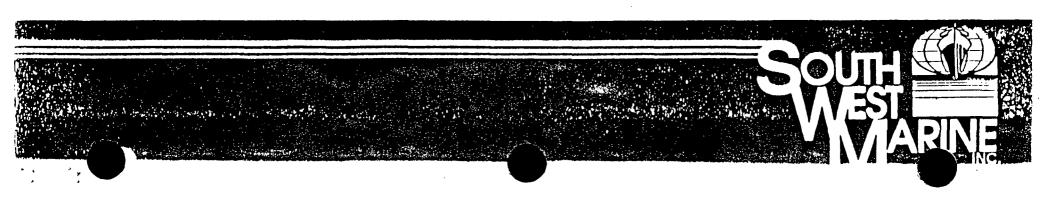
5555 N. Channel Ave. • Bldg 2 • Portland • Oregon • 97217 P.O. Box 3109 • Portland • Oregon • 97208 (503) 285-7557 • FAX No. (503) 240-6600 TWX No. 910-464-6107 NORMARINE PTL

Northwest Marine has a unique advantage that sets it apart from our competition - our own 14 acre site and 300,000 square foot facility within the Portland Ship Repair Yard - 125 acres - includes berths, drydocks and cranes. Northwest Marine benefits from being the largest ship repair service situated in the PSRY. It's our experience and available craftsmen combined with the PSRY facilities that gives Northwest Marine a competitive edge.

The Port of Portland facilities Include:

Drydock #4, the largest on the Pacific Rim - Lift capacity: 87,000 long tons (82,196) metric tons). Length overall: 982 feet (299.3 meters). Clear width: 185 feet (56.4 meters). Crane service: 4 cranes, combined lift capacity to 246 tons. Drydock #1 - Lift capacity: 15,000 long tons (15,238 metric tons). Length overall: 598 feet (182.3 meters). Clear width: 88 feet (26.8 meters). Crane service: 3 cranes, combined lift capacity to 100 tons. Drydock #3 - Lift capacity: 27,000 long tons (27,428 metric tons). Length overall: 661 feet (201.5 meters). Clear width: 114 feet (34.8 meters). Crane service: 3 cranes, combined lift capacity to 140 tons.

The Port offers 15 deep-water berths, for a total of 10,100 feet (3,079 meters) of berthing space. It also has 16 cranes with capacities ranging from 22.4 to 134.4 tons.



# SAN DIEGO DIVISION

#### CORPORATE HEADQUARTERS

Foot of Sampson Street • San Diego • California • 92113 P.O. Box 13308 • San Diego • California • 92170-0308 (619) 238-100 • FAX No. (619) 238-0934 TWX No. 910-335-1167 SWM SDG

Southwest Marine's San Diego Division shippard serves as the corporate headquarters and is Southwest Marine's most modern facility. With employment levels up to 1500 men per day it is also one of the most active and capable ship repair facilities on the West Coast.

The shipyard is conveniently located on San Diego bay and ecompasses 20 acres of property and over 36 acres of water area. Like the other Southwest Marine yards, the emphasis is on "full service" ship repairs and consequently a complete compliment of fully equipped shops is maintained to perform any type of repair or modernization.

Five piers are available, the largest has 900' of berthing area with a water depth of 35' at mean low water. The piers have complete hotel services installed for immediate hookup to your ship. Crane service is provided by gantry and mobile cranes and Southwest Marine's 150-ton crane barge.

Southwest Marine San Diego has two dry docks and three marine rail-ways. The drydocks are rated at 23,000-ton and 4000-ton capacity. The marine railways are rated at 1000-ton, 900-ton, and 700-ton capacity. The targe drydock was designed and built exclusively for Southwest Marine and is recognized as being state of the art for the industry. Features include computer assisted control, an extensive monitoring system, two installed manlifts, and four hauling trolleys for precise shop positioning. All features are fully integrated to provide a safe, fast dry docking.

# SAN PEDRO DIVISION

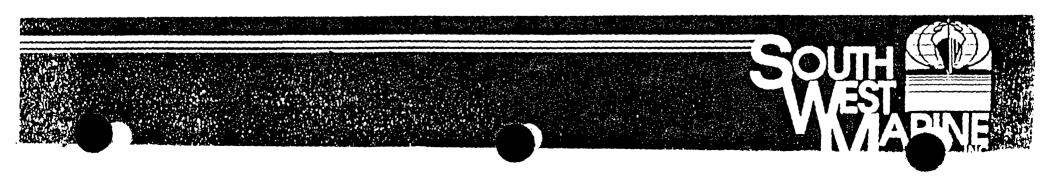
985 South Seaside • Terminal Island • California • 90731 P.O. Box 3600 • Terminal Island • California • 90731-7331 (213) 519-0600 • FAX No. (213) 833-2222 TWX No. 910-345-6638 SWM TERM

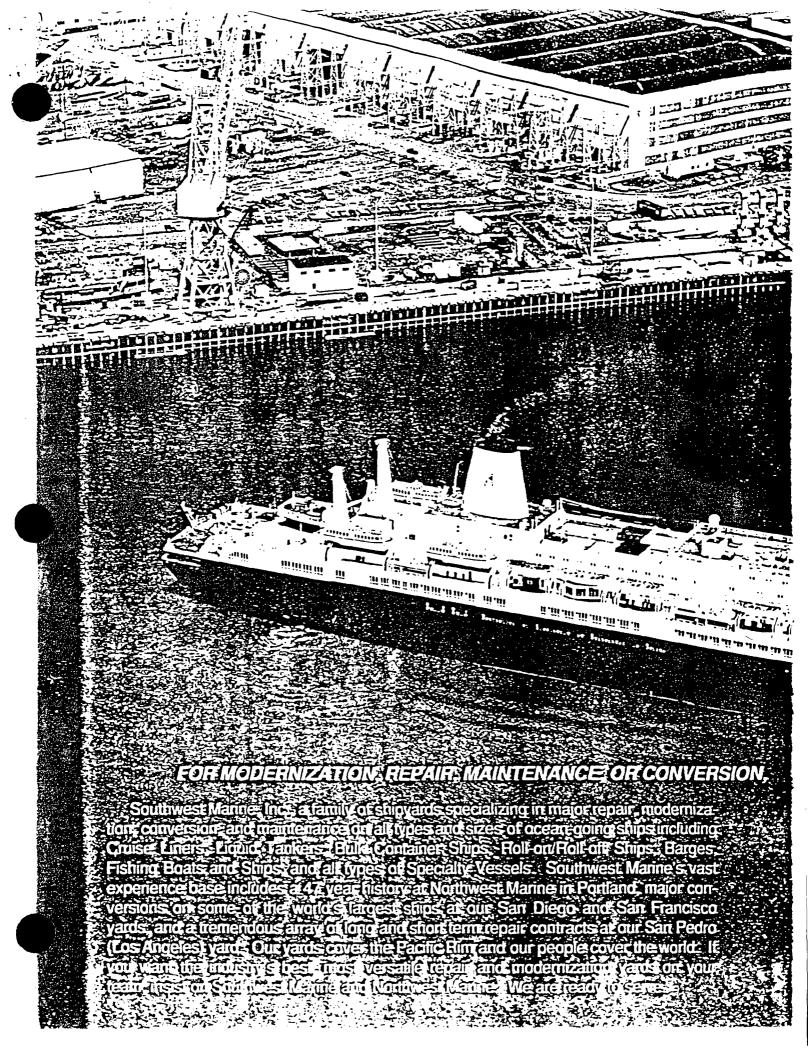
Southwest Marine's San Pedro Division shippard is located on Terminal Island off Los Angeles Harbor, one of the world's busiest ports. Situated directly at the mouth of the main channel, our San Pedro yard offers its customers the ultimate in accessibility and convenience for any size ship.

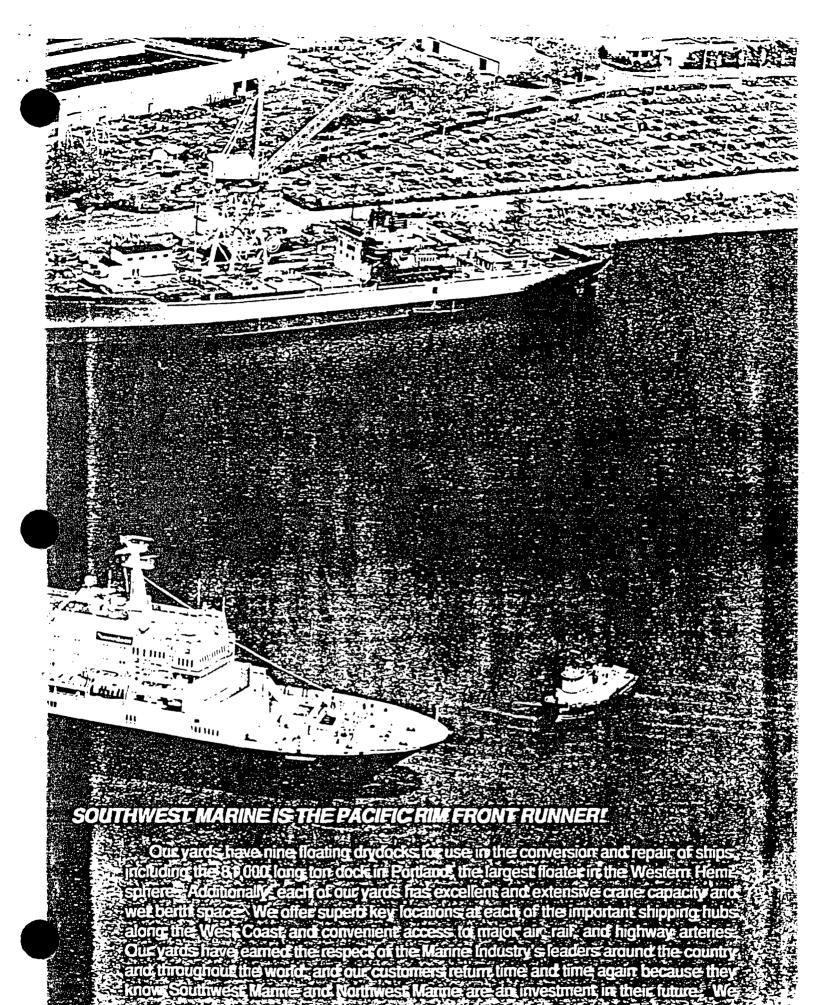
Southwest Marine San Pedro is a full-service facility capable of dry-docking 95% of the world's ships.

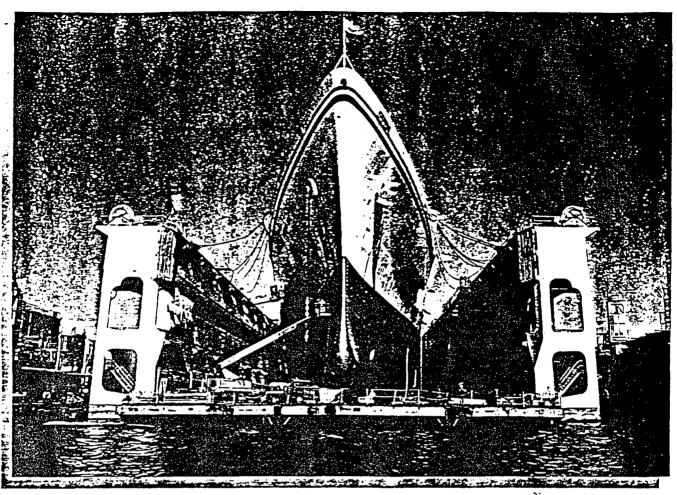
Southwest Marine San Pedro has four fully equipped piers. Pier 1 is 570' long. Pier 2 is 658' long and Pier 3 is 690' long, each with a water depth of 32'. Pier 4 is 1800' long with a water depth of 35' providing enough facility for most of the world's ships. Each pier has full hotel services including electrical power, high pressure steam, oxygen, acetylene, natural gas, compressed air, fresh and salt water.

Servicing the piers are eight gantry cranes with up to 65-ton capacity and 150' swing. A 17,500 DWT dry dock 685' in length, 90' wide with an 800+tt. capacity ship with a water depth of 52' which can dock all types of seagoing vessels from harbor tugs and tuna boats to freighters, tankers and barges.





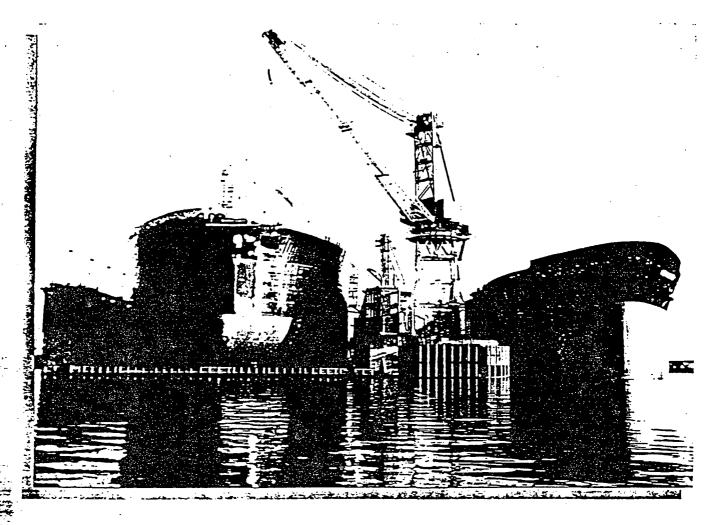


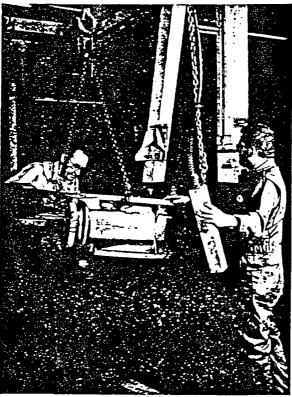


# A PRODUCTION ORIENTED YARD

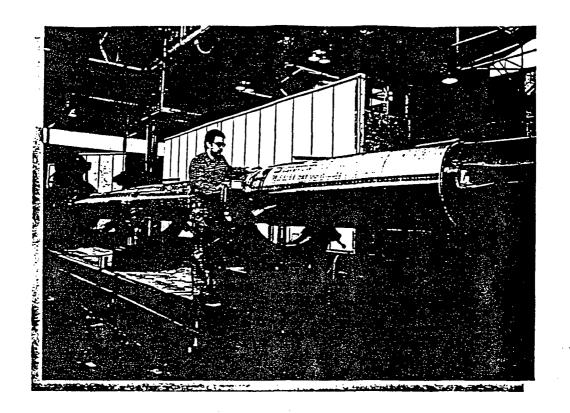
Installing a 36 inch piping system; sandblasting and preserving your hull; rigging out shafting and pumps; overhauling your ship's diesel engine; constructing, outfitting, and installing a new deckhouse. These are the jobs we do every day; jobs that we can do for you. To every project we dedicate skilled craftsmen, on-site supervision, and time-tested and projectproven methods.







Skill and Experience: Reasons why our production efforts consistently exceed Maritime Industry repair standards with respect to delivery, cost, and quality. Southwest Marine's and Northwest Marine's production forces possess a wealth of experience and knowledge. Each of our yards work to the same demanding high standards, providing you with a consistently high quality and reliable product. It doesn't matter which yard you choose. Southwest Marine, Inc., and Northwest Marine, Inc., are the leaders in the ship repair, maintenance, modernization, and conversion industry.

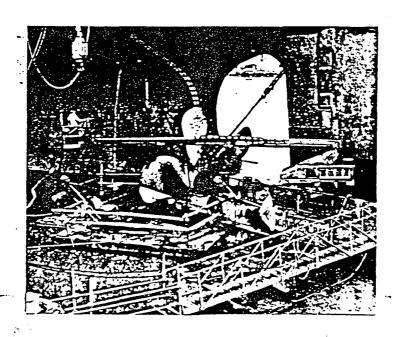


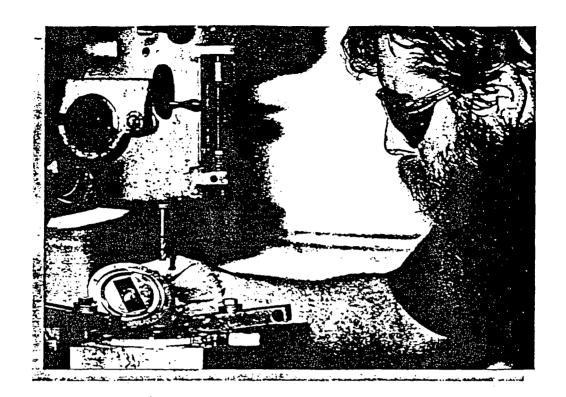
Our production resources are experienced.

They know shipboard work.

They are problem solvers.

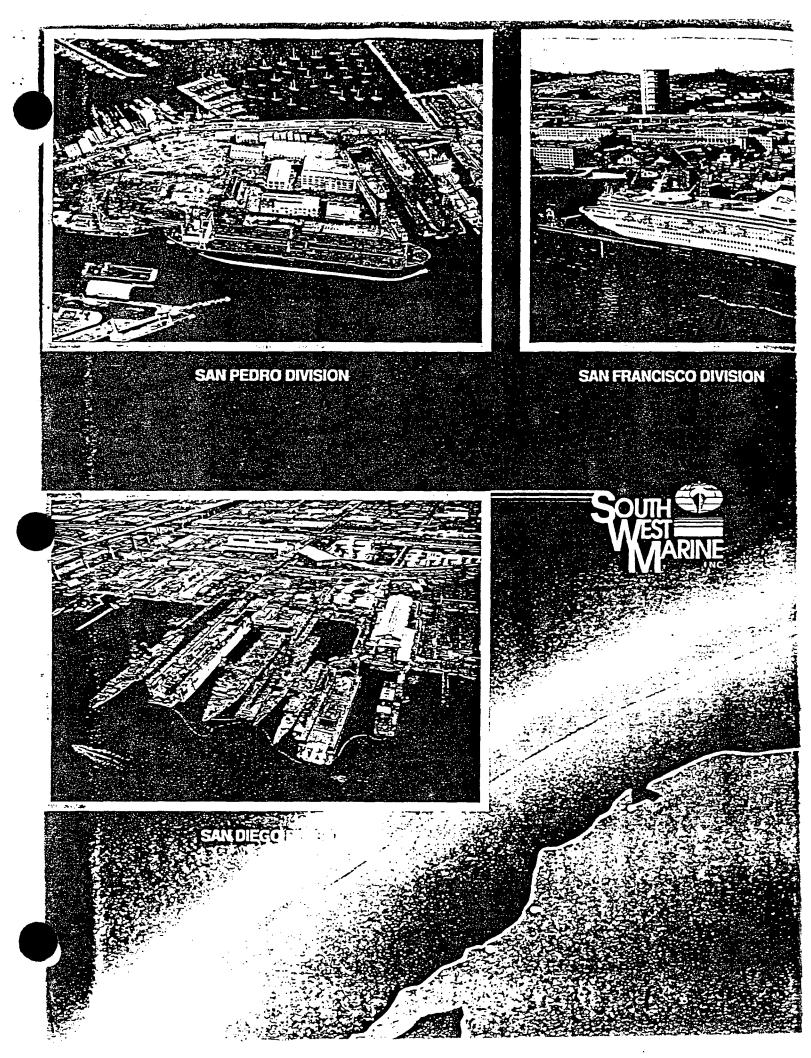
And they work to the most exacting standards 
Yours!

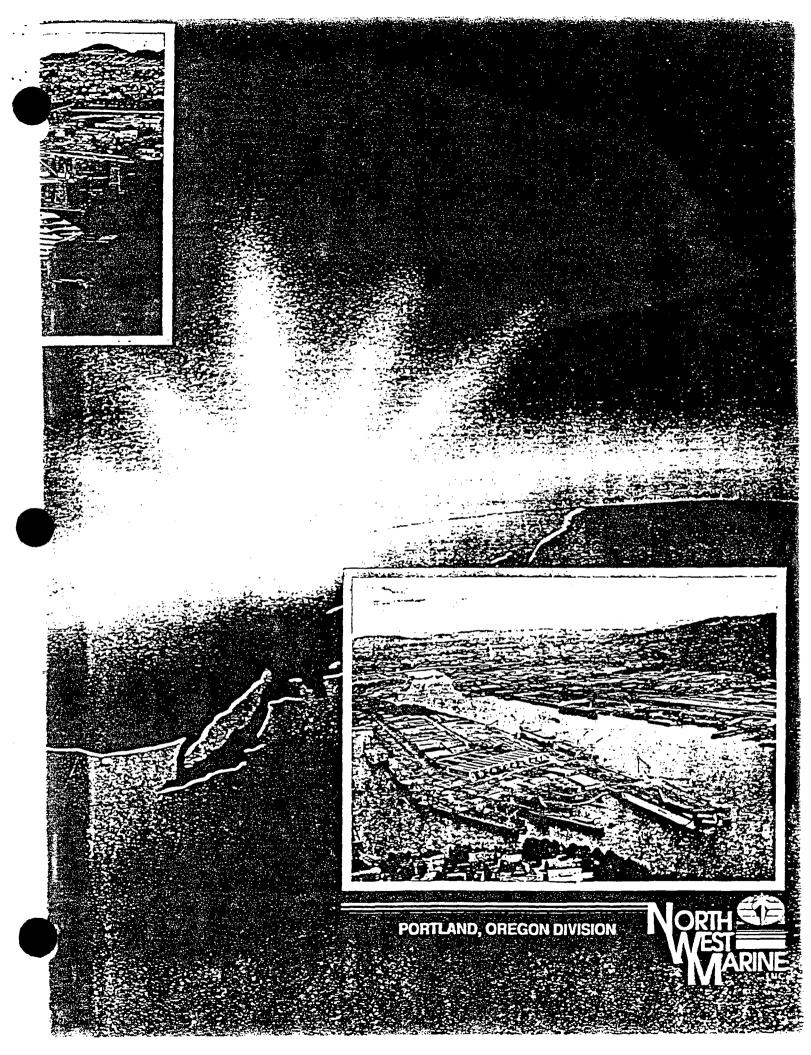


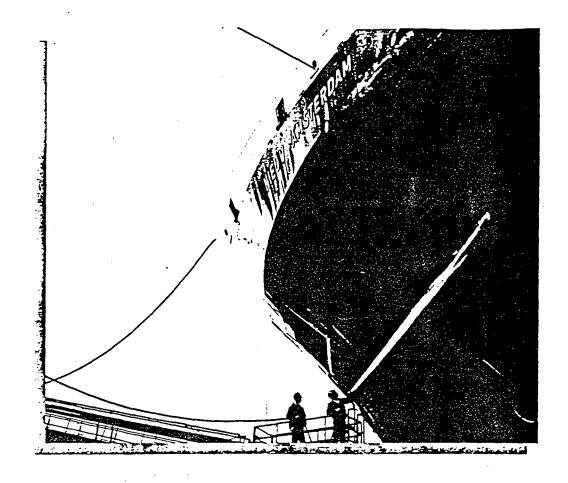


Our people have the technical ability and experience necessary for today's modern ships. Our Electrical Shops have Electronic Technicians on staff along with motor rewind, connectorization, bake oven, and reactive load banks capability. Our Sheetmetal Shops use computerized fabrication processes to reduce cost and time. Our Shipfitter/Weld Shops are fully qualified in a vast array of burning and welding processes. Each of our shops possess unique state-of-the-art equipment and capabilities which provide Southwest Marine and Northwest Marine with the reputation as the ship repair yards for the nineties and beyond.











# FROM THE BOTTOM UP

Every job is important at our Southwest Marine and Northwest Marine shipyards. From repairs underway, to a major conversion, our Production and Management personnel are dedicated to the job at hand. We are specialists in our field. Specialists through experience and knowledge based on a solid and open working relationship with our customers.



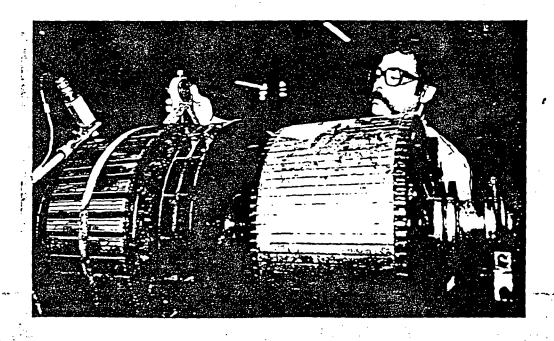




# QUALITY IN EVERYTHING WE DO

Quality and the Highest Standards of Excellence. Not just words for us. From planning to job completion; management to skilled craftsmen. our employees carry with them a special attitude. One that reflects their commitment to quality. Not only do they know their job and how to do it, they care about how it's done. It all adds up to service and quality unrivaled in the Marine Industry.

Our Quality Assurance Department, fully staffed with highly trained and experienced personnel, will assure your ship, delivered on time and within budget, meets the Industry's highest standards of quality.







# WORKING TOGETHER - PLANNING THE JOB FOR YOU

Our commitment to completing all jobs ON TIME AND WITHIN BUDGET starts before you arrive. A comprehensive and detailed study of job requirements and engineering documents provides the focus for your specific needs. Each project undergoes strict controls to ensure consistency between the original job estimate and final cost.

Our Planning and Engineering experts develop computer based work specifications, material, and workforce requirements; and together with the customer, review the priorities and schedules to assure that you have the shortest stay possible.

We know the importance of completing the job on time. Our customers can't afford an extra day in drydock. That's why we work with our customers well in advance to review material, workforce, priorities, and schedules.

# GOING THE DISTANCE WITH PURCHASING, EXPEDITING, AND MATERIAL CONTROL

Our extensive purchasing network of local and worldwide suppliers is working for you. Each of our four full service shipyards is supported by a dedicated team of material control and purchasing specialists. Our purchasers and planners will get the material for your ship when it is needed at the best available price.

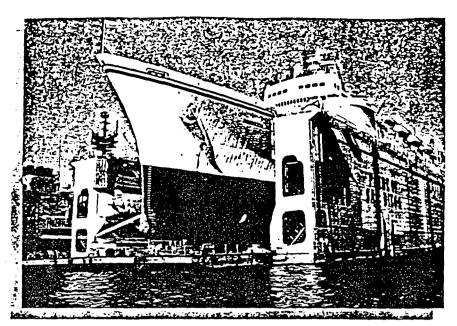
We don't stop there. Our expediters go the distance too. With access to major railway, trucking, and airline transport services; whatever it takes to get critical parts and material is the rule, not the exception.

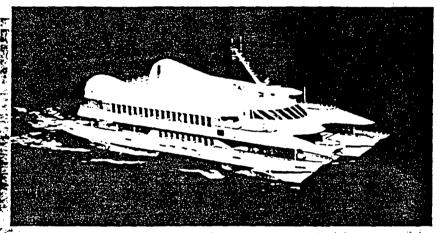
Computer enhanced inventory control and warehousing is an integral part of our customer service. Each facility has full warehouse capability. Whether it's components and furnishings waiting for reinstallation, or material being readied for delivery to the shop or ship, we know where it is. Just another way that we save you time and money.

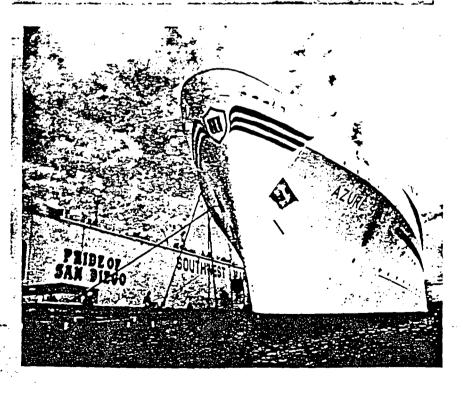












# OUR SOUTHWEST MARINE AND NORTHWEST MARINE MANAGEMENT TEAM



Robert Mc Kay San Diego Division



Herb Engel
Chief Operating Officer



Bill Johnston
Northwest Marine, Portland, Oregon

When your ships need repairs, maintenance, modernization, or conversion, we'll be there, every step of the way. We represent the Southwest Marine and Northwest Marine Divisions. As the General Managers of the finest shipyards on the West Coast, we will personally ensure that your project is met with the highest sense of professionalism and integrity.

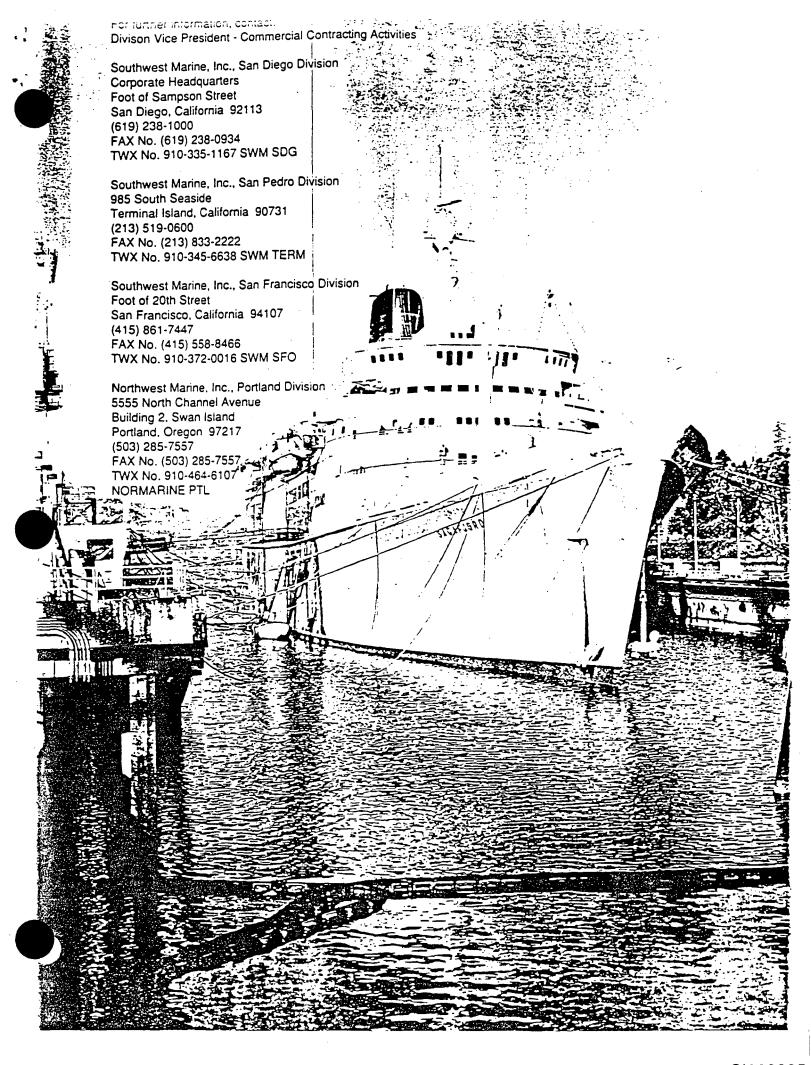
We are Crafting Quality Environments; working to provide our employees and our customers with high value through quality work in a profitable and successful environment. Our goals are focused on providing the best product to every customer we serve.



Dave Engel San Pedro Division



Carl Hanson
San Francisco Division





# PORTLAND MACHINERY COMPANY

F. O. Box 507 Oregon City, Oregon 87045

FAX TRANSMITTAL

DATE 8/3/92	:
TO: William M. JoHnston FAX NO:503-240	-6600
COMPANY: MONTH Wast MARINE	· 
LOCATION: POX - DANGOT	
NUMBER OF PAGES INCLUDING COVER SHEET	
FAX NO: 631-7191 PHONE 249-7000	
COMMENTS: Bill	· 
HERE IS A COPY OF The Levis the	7
N.W. M ( High Ruck) Had are M	Z
-preparty - Kan B:	
THANK YOU	

TEL:703-418-2251

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Deputy Under Secretary
for Oceans and Atmosphere
Weshington, D.C. 20230

MEMORANDUM FOR:

ALL POTENTIAL OFFERORS

SEP - 4 1992

FROM:

Donald M. Thompson Contracting Officer

Systems Program Office Procurement Staff

SUBJECT:

Pre-Solicitation Conference

On August 11, 1992, the Government issued a Request for Comment (RFC) which included draft specifications and contract clauses for industry review. These draft documents were issued under the generic title of "Systems Engineering and Technical Assistance for the NOAA Systems Program Office".

This letter is to advise interested respondents to the RFC of a pending pre-solicitation conference. Participation in this conference or in responses to the Government's draft documents is still subject to FAR 52.215-3 "Solicitation for Information or Planning Purposes". We will present a series of briefings on the various programs and functions residing in the NOAA Systems Program Office. In addition, in the hopes of attempting to further explain our specifications to industry, we will address selected questions and comments on the draft documents at this conference. A solicitation will not be distributed to attendees at the Conference.

These are the details of the Conference:

Theaday, September 2, 1992

8:00 A.M. - 9:00 A.M., Local Time - Checkin 9:00 A.M. - 12:00 P.M., local time - Conference

National Oceanic and Atmospheric Administration 1325 East West Highway NOAA Conference Center, Room 2358 Silver Spring Metro Center-2, (SSMC-2) Second Floor Silver Spring, MD 20910

Public parking is available in the vicinity of the intersection of Colesville Road and East West Highway. No parking at SSMC-2 is available. However, the Silver Spring stop on the Washington Metro is located adjacent to SSMC-2. Due to limited space only one (1) representative from each company can attend. If a final request for proposal is released, a pre-proposal conference will be held that will accommodate more than one representative from your organization.

Thank you for your continuing interest in NOAA's programs. If you wish to attend the Pre-Solicitation Conference, you must confirm this in writing by submitting the enclosed sheet.

Enclosure





UNITED STATES DEPARTMENT OF COMMERCE Office of the Deputy Under Secretary for Genone and Atmosphere

Weenington, C.C. 20230

NOAA/SPO PROCUREMENT STAFF FROM:

1325 E.W. HIGHWAY ROOM 14220, SPOx2

SILVER SPRING, MD 20910

TÓ:

DESIGNERS & PLANNERS, FNC. 703-418-225/

ATTENTION:

RLOS TOMASSONI

SUBJECT:

SETA PRE-SOLICITATION CONFERENCE

PLEASE IMMEDIATELY PROVIDE THIS LETTER TO THE INDIVIDUAL ABOVE.

THANK YOU.

UNITED STATES DEMARTMENT OF COMMERCE 1952a of the Chousy United September for Classics was Approximate 

SEP 15 1992

MENCHANDEM FOR:

Donald M. Thompson Countd Thompson

FROM:

Systems Program Office Progurement Start

SUBJECT:

Pre-Solicitation Conference for Systems Engineering and Technical Assistance (SETA) Services, Scheduled September 22, 1992

The National Oceanic and Atmospheric Administration (NOAA), Systems Program Office (SPO), has decided to postpone the scheduled conference on September 22 until a cime closer to release of the final request for proposals. This is not a cancellation of SETA.

The NOAR/SPO is working closely with the Department of Commerce to identify the contract nersonal resources smallshie for SPTM support in FY 93 and beyond. Decisions on personnel and staffing, socio-economic subcontracting goals and potential direct socio-economic set-aside procurements, uncompensated overtime, and organizational conflicts of interest still need to be finalized. We will shortly issue a set of written responses discussing these issues. These responses will factor in the comments you submitted on our Request for Comment package, dated August 11, 1992. Our responses will attempt to address your concerns and implement appropriate suggestions for this requirement.

Issuance of the SETA RFP is anticipated as late as January 1993, with award approximately 9 months thereafter. This achedule will allow for a formal industry briefing to be presented at a time closer to the RFP release date.

The NOAA/SPO appreciates your continued interest in SETA, and regrets this temporary delay in the acquisition schedule. Durin the interim, until issuance of the RFF, any additional inquiries requesting SETA should be addressed to me in writing. All SETA inquiries should be addressed to:

NOAA Systems Program Office/SPOX2 1325 B. W. Highway, Room 14220 Silver Spring, Maryland 20910



P. 2

UUUZ4UOOUU , # Z

HESSAGE RCVD 11/08/1990 10:32:40 707 INBOUND

277038 MBLFT UR

RCA NOV 08 0927

0

ALCOTC

\$5 MOBIL ARCTIC 08 14002 NOV 90

MOBILFLEET FFX ATTN: 5 LJONE

AS PER OUR CONVERSATION YESTERDAY, HERE IS A LIST OF ITEMS FOR YOUR CONSIDERATION.

## ENGINE ITEMS:

- 1. TWO (2) IGS DECK SEAL HEATING COILS WITH NEW STEAM SUPPLY SOURCE.
- 2. THREE (3) NEW MCP TRIP VALVES FOR MCP. EMERG. STOP VALVES.
- 3. NEW 24'' INCH IGS FLUE GAS ELBOW ON SCRUBBER HOUSE.
- 4. NBR 3 MCP 5 INCH STEAM SUPPLY VALVE NEEDS NEW SEAT.
- 5. STBD STEERING PUNP OVERHAUL.
- 4- BOTH FWD AND HIDSHIP PORT CAPAC ANODES ARE OUT.
- 7. NEW 2 INCH STEAM SUPPLY LINE TO MIDSHIP HEADERS.
- -8- REPAIRS TO STBD FORCE DRAFT FAN VARI DRIVE. PARTS ON ORDER. A/R ITEMS HAVE BEEN WRITTEN AND SUBMITTED FOR ALL THE ABOVE.

THE FOLLOWING IS A LIST OF ALL PATCHES ON OUR CARGO LINES.

- 1. 50 NBR 1 NCL (30 INCH) AT FR. 55.
- 2. 50 NBR 2 NCL (30 INCH) BETWEEN FR. 60 AND 61.
- 3. 5C NBR 3 STRIPPING LINE (10 INCH) BETWEEN FR. 60 AND 61.
- 4. 5 PORT HI O/B DISCH. LINE (20 INCH).
- 5. MAIN DECK 24 INCH DISCH. TO HI O/B LINE OFF STICKER LINE WITH SPECTACLE BLANK. LINE OUT OF ALIGNMENT AND BLANK WILL NOT SEAL.

# PUMPROOM PIPING AND REPAIRS.

- 1. NBR 1 MCP 24 INCH DISCH. LINE, NEEDS RENEWED FROM BOTH RIDES OF RISER VALVE.
- 2. NBR. 1 MCP 3 INCH OFF STICKER DRAIN TO STRIPPING LINE SOFT PATCHED.
- 3. NBR. 2 MCP. 3 INCH OFF STICKER DRAIN TO STRIPPING LINE SOFT PATCHED.
- 4. NBR. 3 (10 INCH) STRIPPING LINE SOFT PATCHED JUST AFT OF BHD VALVE. PATCH VERY CLOSE TO OFF STICKER THAT RUNS INTO EDUCTOR SUCTION.
- 5. 24 INCH BALLAST LINE SOFT PATCHED JUST AFT OF BHD VALVE.
- 6. 8 INCH STRIPPING PUMP DISCH. X-0 WITH & SEPERATE OFF STICKERS.

## MAIN DECK ITEMS.

- 1. 40 FT. OF 18 INCH VENT LINE TO BE RENEWED. LINE WASTED.
- 2. TWO (2) NEW 1 AND 1/2 INCH DRAINS NEED TO BE WELDED INTO IGS LINE. AT PRESENT THESE HAVE WOOD PLUGS IN THEM.
- 3. ALL P/V VALVES NEED NEW SEATING SURFACES.

FROM MEMT

11.12.1990 9:18

TANKS.

- (2)
- 1. ACCESS LADDERS TO 3 STBD AND 3 PORT NEED TO BE RENEWED.
- 2. 30 FR. 77 SOFT PATCH WASTED DURING CLEAN UP.
- 3. 3 STBD LBHS NBR 15 AT FR. 62. 2 INCH FRACTURE AT BHD NO SOFT PATCH.
- 4. 3 STBD BHD 72 LBHS NBR 5 AND 7 SOFT PATCHED ONE SIDE ONLY.
- 5. 3 PORT SHELL LONG NBR 10 SOFT PATCHED ON BOTH SIDES AT BHD 72.
- 6. 3 PORT LBHS NBR 20 SOFT PATCHED ONE SIDE AT BHD 72.

#### FORE DEEP TANK.

- 1. BHD 102 PORT SIDE SHELL LONG NBR 22. 10 INCH HORZ. FRACTURE PATCHED FROM BOTH SIDES, BUT STILL WEEPS.
- 2. BHD 102 SHELL LONG NBR 7 PORT SIDE SOFT PATVHED BOTH SIDES.
- 3. BHD 102 PORT SIDE SHELL LONGS NBRS 11, 12 AND 13. SOFT PATCHED BOTH SIDES.
- 4. BHD 102 STBD SIDE SHELL LONGS NBRS 14 AND 18 SOFT PATCHED ONE SIDE ONLY.
- 5. BHD 102 PORT SIDE HAS (2) HORZ. FRACTURES LOCATED AS FOLLOWS:
  1. 6 TO 8 INCH HORZ FRACTURE APPROX. 9 FT. FROM UNDERSIDE OF MAIN DECK AND 21 FT 6 INCHES FROM SIDE SHELL.
  - 2. 24 INCH HORZ. STAR TYPE FRACTURE, APPROX. 11 FT. 10 INCHES FROM UNDERSIDE OF MAIN DECK AND 7 FT. 9 INCHES FROM SIDE SHELL. BOTH FRACTURES WERE PATCHED FROM BOTH SIDES BUT PATCHES NEVER HELD. VESSEL REQUIRED TO KEEP CARGO IN NBR 1 WINGS AT BELOW 12 FT. ULLAGE.

THE FOLLOWING IS A LIST OF NEW BHD FRACTURES WE HAVE DISCOVERED DURING CLEAN UP. A/R ITEMS WILL BE WRITTEN AND SUBMITTED.

- 1. 1 STBD (1) 5 INCH HORZ, FRACOURE IN LONG. BHD AT FR. NBR 98 BETWEEN LBHS NBR 19 AND 18.
- 2. 2 STBD (1) 5 INCH HORZ. FRACTURE IN LONG BHD AT FR. NBR 90 BETWEEN LBHS NBR 19 AND 18.
- 3. 4 STBD (1) 3 INCH HORZ. FRACTURE IN LONG. 8HD AT FR. NBR 67 BETWEEN LBHS NBR 6 AND 7.
- . 4. 3 CENTER. FR. NBR 38 PORT AND STBD SIDE OF CVK. WEB COMPLETELY FRACTURED FROM FLANGE OF WEB TO BOTTOM OF WEB.

1'M ALSO GREATLY CONCERNED WITH THE HYDRAULIC DECK PENATRATIONS INTO ALL CARGO TANKS. THESE ARE BECOMING EXTREMELY BRITTLE.

RGDS SCHOEPKE/MASTER

277038 MBLFT UR

RECEIVED FROM 703 846 1542

11.12.1990 10:04

(A)

MESSAGE RCVD 11/11/1990 14:37:43 740 INBOUND

277038 MBLFT UR

RCA NOV 11 1323

Mcore

SS MOBIL ARCTIC 11 16002 NOV 90

MOBILFLEET FFX ATTN: 8.L. LJONE

AS PER OUR CONVERSATION ON 11-09-90.
THE FOLLOWING IS A MORE DETAILED DESCRIPTION OF THOSE ITEMS AND OTHER FRACTURES YOU HAVE ON RECORD.

ENGINE ITEMS:

- 1. DECK SEAL HEATING COILS.

  UPPER COIL IS A SHAPED PIECE OF 3/4" ALUMINUM BRASS TUBING APPROX. 12 FT. LONG. LOWER COIL IS A PIECE OF 3/4" ALUMINUM BRASS TUBING APPROX. 20 FT. LONG. SEE A/R 7-23-90.
- 2. NEW STEAM SOURCE FOR DECK SEAL.

  TO REPLACE THE 3/4 CU-NI STEAM LINE THAT RUNS FROM THE

  EMERGENCY DIESEL ROOM TO THE 109 SEAL TANK, A DISTANCE

  OF APPROX. 110 FEET. THIS LINE IS UNPROTECTED AND UNLAGGED.

  AT PRESENT IT IS SUPPLIED WITH 35 LBS STEAM WHICH IS INSUFFICIENT

  IN EXTREMELY COLD WEATHER TO CARRY HEAT TO SEAL TANK. THE

  PROPOSED NEW LINE WOULD BE PROTECTED IN THE AFT HOUSE. IT

  WOULD ALSO BE SUPPLIED WITH A SOURCE OF HIGHER PRESSURE

  STEAM THROUGH A LESLIE REDUCER. SEE DRAWING A/R FEB 11-69.

  10 FT. OF STAGING REQUIRED.
- 3. 105 FLUE GAS LINE ELBOW. THE 90 DEGREE STEEL ELBOW 15 609MM IN DIA. 12.5MM THICK AND HAS (2) 20 HOLE FLANGES. SEE A/R 7-24-90.
- 4. STARBOARD STEERING PUMP.
  UNIT IS A KAWASAKI F-280 TYPE BRUNINGHAUG PUMP.
  OPEN FOR INSPECTION AND SUBSEQUENT OVERHAUL OF STEERING
  GEAR PUMP. AFTER BENCH EXAMINATION BY VESSELS OWNERS REP'S
  AND VESSELS ENGINEERS, PUMP IS TO BE CAREFULLY RE-AGSEMBLED
  USING NEW BEARINGS AND SEALS. VESSEL HAS NEW BEALS AND
  BEARINGS ONBOARD. SEE A/R 12-23-89.

1CARGO LINE REPAIRS:

- 1. 50 #1 MCL APPROX. 6' OF 30'! . 500' WALL A-53 EXTRA STRONG.
- 2. 3C #2 MCL APPROX 12' OF 30'' .500'' WALL A-53 EXTRA STRONG.
- 3. 30 43 STRIPPING LINE 1211. APPROX. 121 OF A-53 .50011 WALL.
- 4. BALLAST D/B LINE 5 PORT.

10' OF STACING MAY BEAREQUIRED IN 2 LOCATIONS.
SEE A/R 4-7-90 WITH ATTACHED DRAWING.

5. MAIN DECK 20 INCH BALLAGT O/B DISCH LINE.
THIS ITEM TO BE SURVEYED BY OWNERS REP TO DETERMINE BEST
REPAIR POSSIBILITIES. I WOULD PREFER A NEW STAINLESS STEEL
''STACY'' TYPE FLANGE ARRANGEMENT, BUT THIS MAY BE COST

# 1CARGO LINE REPAIRS PUMPROOM:

PROHIBITIVE. BEE A/R NOV. 6-89.

- 1. ESTABLISH A BUTT 18'' ABOVE BLIP ON FLANGE WHERE VALVE WAS REMOVED TO BUTT WELD AN 18'' LONG 24'' DIA. SECTION OF A-53 GR. B. .500'' THICK WALL EXTRA STRONG ELECTRIC RESISTANCE WELDED CARBON STEEL PIPE.

  SEE A/R 4-7-90. BOTTOM SECTION OF THIS SAME LINE SHOULD BE EXAMINED BY OWNERS REP. FOR POSSIBILITY OF RENEWING A SECTION AS HEAVY PITTING 18 EVIDENT.
- 2. #1 MCP 3'' LINE TO STRIPPING LINE RENEW SHAPED PIECE APPROX 15 FT. OF 3'' LINE.
- 3. 42 MCP 3'1 OFF STICKER APPROX 3 FT. OF 3'1 LINE.
- 4. #3 SUCTION LINE 12'' DIA. A SHAPED PIECE OF APPROX. 23 FT. OF A-53 .500'' WALL PIPE.
- 5. 8'' STRIPPING PUMP DISCHARGE X-0 A SHAPED PIECE APPROX. 10 FT. OF A-53 .500'' WALL PIPE, SEE A/R NOV. 8-89.
- 6. 24'' BALLAST LINE A-53 .500'' WALL APPROX 4 FT. OF PIPE. APPROX. 5 FT. OF STAGING MAY BE REQUIRED.

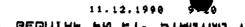
#### IMAIN DECK ITEMS!

- 1. CROP OUT AND RENEW APPROX 40 FT. OF 10' DIA. A-53.500 WALL STEEL PIPE FROM END OF LINE AT P/V VALVES AFT TO EXISTING BRESSER COUPLING. NEW PIPE TO BE FLANGED AT ONE END. SEE A/R 4-7-90 ''VENT LINE RENEWAL''.
- 2. FOAM LINE REPLACEMENT.
  APPROX. 10 FT. OF 10'' A-33 SEAMLESS STEEL .500'' WALL PIPE,
  WITH (1) 90 DEG. B.W./L.R. ELBOW STD WALL.
  (1) 6'' X 10'' CONCENTRIC REDUCER STD WALL.
  (1) 6'' 150 LB SLIP ON FLANGE.
  SEE A/R 12-23-89.
- 3. RENEW SECTION OF 4'' COW PIPE SC STBD SIDE. APPROX. 12' OF 4'' A-53 .500'' WALL PIPE.

## REPAIRS TO BALLAST TANKS 3 P/S.

- 1. ACCESS LADDERS P/S. SEE DECK A/R #2-90 DATED 2-4-90.
- 2. 30 FR. 477 14" VERT. FRACTURE IN B/H. REQUEST THIS AREA BE SURVEYED BY OWNERS REP FOR POSSIBLE INSERT, NO STAGING REQU.

FROM MEMT



- 4. 3 STBD LBHS 45 & 7 AT BHD 72, REQUIRE SO FI. SIMULING IN 3 STBD, 15 FT. STAGING IN #4 STRD.
- 5. 3 PORT SHELL LONG #10 REQUIRES 40 FT. OF STABING IN 3 PORT AND 12 FT OF STACING IN 4 PORT.
- 6. 3 PORT LBHS #20 AT FR. 72. REQUIRE 12 FT. OF STAGING IN 3 PORT AND 12 FT. OF STAGING IN 4 PORT.



#### REPAIRS FORE DEEP TANK:

- 1. BHD 102 PORT BIDE BHELL LONG #22 NO STAGING. 10" HORZ FRACTURE.
- 2. BHD 102 SHELL LONG. #7 PORT SIDE REQUIRE 36 FT. OF STAGING IN DEED TANK, NO STAGING REQUIRED IN 1 PORT.
- 3. BHD 102 PORT SHELL LONGS, #11. 12 AND 13 CAN USE EXISTING STABING FROM ITEM ABOVE. 6 FT. STAGING REQUIRED IN 1 PORT.
- 4. BHD 102 STBD SIDE SHELL LONGS. 14 AND 18. REQUIRE 18 FT. OF STAGING IN DEEP TANK, REQUIRE 15 FT. IN #1 STBD.
- 5. BHD 102 FRACTURES IN PORT SIDE OF BHD WILL REQUIRE 70 FT. OF STAGING IN DEEP TANK AND 15 FT. OF STAGING IN #1 PORT IN (2) LOCATIONS. REQUEST THAT THESE TWO FRACTURES BE BURVEYED BY OWNERS REP FOR POSSIBLE INSERT, AS THESE FRACTURES ARE OF THE 'STAR'' TYPE.

# IFRACTURES:

#### IIIONE CENTERIII

1. STAD LAHD FR. 98 - 5" HOR. FRAC - 18 FT. STAGE. REDD.

# STEDIES

1. FR. 98 - BTWN LBH6 L-19 & L-18. 5" HORZ FRAC-18" STAGE REGD.

## ...TWO CENTERIAL

- 1. STBD LBHD, FR.90 3'' HOR FRAC 18' STAGE REGD.
- 2. PORT LBHD, FR. 90 5'' HOR FRAC 18' STAGE REQD.
- 3. PORT LBHD, FR. 88 5" HUR FRAC 18" STAGE REQD.
- 4. PORT LBHD, FR.87 3" HOR FRAC 70" STAGE REGD.
- 5. PORT LBHD. FR.84 5'' HOR FRAC 18' STAGE REGD.

# IIITWO STARBOARD: II

1. FR. 90 - BTWN LBHS L-19 & L-18, 3'' HOR FRAC-18' STAGE REGD.

#### SESTWO PORTESS

- 1. FR. 90 BTWN LBHS L-19 & L-18, 5'' HOR FRAC-18' STAGE REQD. 2. FR. 88 BTWN LBHS L-19 & L-18, 5'' HOR FRAC-18' STAGE REQD. 3. FR. 87 IN AREA OF LBHS L-1 & L-2, 3'' FRAC-70' STAGE REQD.
- 4. FR. 64 BTWN LBHS L-19 & L-18, 511 HOR FRAC-181 STAGE REGD.

FROM MEMT

11.12.1990 9:21

11 FOUR CENTER 111

- 1. STED LBHD, FR.67 3'' FRAC 51' STAGE REGD.
- 2. PORT LBHD, FR.69 5'' HOR FRAC 18' STAGE REDD.
- 3. PORT LBHD, FR.67 TWO (2) 5'' HOR FRAC AT 24' LEVEL AND 54' LEVEL 54' STAGING REQD.
- 4. PORT LBHD. FR. 65 5'' HOR FRAC 18' STAGE REQD.



1- FOUR STARBOARD: 1

1. FR. 67, BTWN LBHB L-8 & L-7 - 3'' FRAC - 51' STAG REGD.

111FOUR PORT:11

- 1. FR. 69, BTWN LBHS L-18 & L-19, 5'' HOR FRAC -18' STAGE REQD.
- 2. FR.67, BTWN LBHS L-16 & L-17 AND BTWN LBHS L-6 & L-7, 5'' HOR FRAC. EACH. 54' BTAGE RECD.
- 3. FR. 65. BTWN LBHS L-18 & L-19. T' HOR FRAC 18' STAGE REQD.

AAAFIVE CENTER: : 1

1. BHD 54 - STBD SIDE OF DECK GIRDER - 6'' DIAGONAL FRAC. 15' STAGE REGD FROM TOP SHD WEB.

1:18LDP TANK:1:

1. BHD 54 - STBD SIDE OF DECK GIRDER - 6" DIAGONAL FRAC. 65' STAGE RECD.

REGARDS

**BCHOEPKE** 

277038 MBLFT UR

RECEIVED FROM 703 846 1542

11.12.1990 10:05